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The role of diamonds in fuelling conflict

Letter dated 17 November 2006 from the Permanent Representative of Botswana to the United Nations addressed to the Secretary-General

I have the honour, on behalf of the Chair of the Kimberley Process, and pursuant to paragraph 14 of General Assembly resolution 60/182, to hereby transmit the 2006 Kimberley Process report (see annex) and request that the present letter and its annex be circulated as a document of the Assembly, under agenda item 10.

(*Signed*) Samuel O. **Outlule**
Ambassador
Permanent Representative

06-62597S (E) 301106

Annex to the letter dated 17 November 2006 from the Permanent Representative of Botswana to the United Nations addressed to the Secretary-General

Report of the Kimberley Process to the General Assembly

November 2006

Introduction

1. Republic of Botswana in her capacity as the 2006 Chair of the Kimberley Process Certification Scheme, is submitting this report pursuant to UN General Assembly Resolution 60/182. *The resolution had requested* the Chair of the Kimberley Process to submit a report on the implementation of the Process to the General Assembly at its sixty-first session under the heading "*The role of diamonds in fuelling conflict: breaking the link between the illicit transaction of rough diamonds and armed conflict as a contribution to prevention and settlement of conflict*".

Background

2. The Kimberley Process is a unique tripartite partnership between governments, NGOs and the diamond industry. It was established with the paramount objective of regulating the international trade in rough diamonds to exclude conflict diamonds. The international community was outraged and responded to stop the most brutal and horrific conflicts, characterized by periods of systematic violation of international law, grave abuses of human rights, gradual degradation of the rule of law and order as well as governance and democracy. This development laid a firm foundation for building a global partnership for fostering peace and security.

3. The legitimacy of the Kimberley Process on a global level was conferred upon it by the UN Security Council resolution 1459 (2003) and reflected in subsequent UNSC resolutions in respect of Liberia and Cote d'Ivoire. These resolutions, together with the annual UNGA resolutions have affirmed the validity of the mandate of the Kimberley Process and further increased its international standing and credibility. For its part, the Kimberley Process has assumed a transparent, inclusive, non-discriminatory, pragmatic, flexible and ad hoc approach in its work. It has incorporated a peer review mechanism and statistical reporting to identify possible implementation issues and spread best practice.

Contribution of the KP to International Peace and Security

4. Since the establishment of the Kimberley Process, the geo-political factors that necessitated its creation, including many of the conflicts that led to the international outcry against "conflict diamonds", have changed significantly. Peace and stability has since returned to many of the countries that were formerly affected by conflict, such as Angola, Sierra Leone and the Democratic Republic of Congo. Today, the Kimberley Process Certification Scheme (KPCS) is

being implemented against the backdrop of overall improved international peace and security characterized by more democratically elected governments, greater awareness and demand for good governance, respect for the rule of law and human rights as well as better security. The KPCS has been both a major contributor and a beneficiary of this improved security environment.

5. An improvement in the security environment has been conducive for the development and implementation of KPCS requirements and in particular the vital internal controls necessary to guarantee the conflict free origin of all internationally-traded rough diamonds. At present, due to the international requirement more rough diamonds than ever before are being handled in accordance with the provisions of the KPCS. This has drastically reduced the opportunity for conflict diamonds to infiltrate the legitimate trade in rough diamonds.

6. The achievements of the KPSC are highly commendable. This is the result of tireless efforts and resolute commitment of the international community to collectively prevent in a comprehensive manner, the use of diamonds to fund civil insurgency. The recent 3-year review of the KPCS hailed the Scheme as a remarkable success, which has performed far above initial expectations given the enormous challenges which it had to address. The success of the KPCS represents an excellent example of global cooperation and what can be achieved through multilateralism.

7. In the period under discussion, the KPCS welcomed the membership of New Zealand and Bangladesh. It also received a significant number of expressions of interest from other countries concerning the requirements for joining the Scheme. The increase in the number of Participants in the last year bears testimony not only to the importance that the international community attaches to the process, but also to awareness of the important contribution made by the KPCS to conflict prevention.

8. Contributing to international peace and stability through closer cooperation with international organizations in accordance with their mandates has become one of the strategic goals of the Kimberley Process partnership. The United Nations has always been an invaluable partner in this regard. It has been highly supportive of the Kimberley Process and has contributed immensely to its work.

Operation of the Kimberley Process in 2006

9. The Kimberley Process has four standing working groups; the Working Group on Monitoring, the Working Group on Statistics, Working Group on Participation (Participation Committee) and the Working Group of Diamond Experts. The composition of these working groups is reflected in enclosure 4. The Kimberley Process also set up an Ad-hoc Working Group on the review of the KPCS, as well as the Selection Committee. The activities of these working groups during 2006 are briefly outlined below:

Working Group on Monitoring

10. The Working Group on Monitoring focused its activity on three main areas; the regular implementation of the peer review system, monitoring of implementation issues and the 3-year Review of the KPCS. In this context, in addition to continuing implementation of the different components of peer review, the efforts of the Working Group focused on more consistent follow-up to review visits, with a view to ensuring that such review visits are part of a long-term and sustained process of enhancing implementation of the KPCS, rather than isolated 'one-off' events. At the time of the Gaborone Plenary, which was held from 6 to 9 November 2006, a total of 34 Participants had received review visits since the establishment of the KPCS (see enclosure 3). This is a significant improvement compared to only 19 by the time of last year's Plenary. In total, 43 of the 47 Participants have received or invited review visits. It is encouraging and reassuring that a large number of Participants are monitored under the peer review mechanism. This is important for the continued credibility of the scheme. The Working Group plans to begin a second round of review visits starting in 2007 as a way of furthering the monitoring process.

11. The Working Group on Monitoring also devoted particular attention to the monitoring of the situation in Côte d'Ivoire, pursuant to the Moscow Resolution setting out specific measures to prevent trade in conflict diamonds from the Northern rebel-held part of the country. The issue was further referred to the Working Group on Monitoring by the Chair of the Kimberley Process, in October 2006, as a result of the conclusions of the UN Panel of Experts on Côte d'Ivoire. The UN Panel of Experts had concluded that conflict diamonds may be smuggled through Ghana and are entering into the legitimate trade, thereby undermining the effectiveness of the Kimberley Process. The Working Group on Monitoring presented recommendations to the Chair on immediate measures with respect to Ghana and, in particular, recommending that a high-level Special Envoy be sent there to express the concern of the Kimberley Process, initiate formal discussions and report back to the Kimberley Process at the Gaborone Plenary.

12. A Special Envoy visited Ghana from 30 October to 1 November 2006. The Envoy reported to the Gaborone Plenary on the outcome of a successful visit. In addition, to the Chair's Envoy, the President of Botswana sent as his Special Envoy, Botswana's Minister of Minerals Energy and Water Resources to meet with the President of Ghana to ensure that concerns of allegations made against Ghana are shared and responded to at the highest possible political level. An action plan intended to remedy the weaknesses identified in Ghana's system of internal controls was developed and agreed with the Government of Ghana. This plan provides a period of three months to address certain internal control issues in order to strengthen systems. The Plenary adopted an administrative decision to send a review mission to Ghana by 28 February 2007 to assess Ghana's implementation of the agreed action plan (see enclosure 1).

Working Group on Statistics

13. Statistics form an integral part of monitoring to ensure that conflict diamonds do not enter the legitimate trade in rough diamonds. Participants are required to submit statistics on a quarterly basis and all Participants submitted statistics for 2005, an improvement over 2004. The annual

analysis exercise enables specific concerns for individual Participants to be brought to the forefront. The Working Group on Statistics collected and analyzed the 2005 statistics for all the Participants. Data discrepancies were the most common problem identified. However, certain data discrepancies were resolved through bilateral reconciliations. Data analysis, capacity building, the provision of technical assistance and data transparency were the key issues considered by this Working Group.

14. The Gaborone Plenary endorsed the concept of transparency in statistical reporting by approving the immediate release of Kimberley Process summary data on trade and production, by value and volume, and certificate counts for 2004 and 2005 data.

Working Group of Diamond Experts

15. During the Moscow Plenary, the Working Group of Diamond Experts had been mandated to assist with technical analysis of the volume and characteristics of production likely to be exported from Côte d'Ivoire. Using historic information, the Working Group has now developed a size-frequency distribution diagram on Côte d'Ivoire production. Size-frequency distribution provides a tool for determining the "footprint" of diamonds from a given area. This is, however, possibly more accurate on unsorted production. The limitation of using a footprint in identifying diamonds from Côte d'Ivoire is that it works only on unsorted production, or so-called run of mine production. Diamonds from Côte d'Ivoire are invariably exported in a sorted form, hence the difficulty of using this tool to identify Ivorian diamonds. An additional tool being investigated is the use of digital photography to differentiate diamonds by origin and, consequently, further make it difficult for conflict diamonds to enter the legitimate trade. While pictures of production from various countries either exist or can be obtained, the diamond industry currently has no digital pictures of typical diamond production from Côte d'Ivoire. The UN Operation in Côte d'Ivoire (UNOCI) may be able to assist in obtaining digital pictures of Côte d'Ivoire's unsorted production. The Gaborone Plenary requested the WGDE to organize a seminar on diamond origin determination and to report back to the next Plenary.

16. The Gaborone Plenary also mandated the working group to approach the Harmonized System Committee of the World Customs Organization to advance classification issues and prepare a photo table.

Participation Committee

17. An important part of the work of the Participation Committee is to encourage the widest possible participation in the KPCS by countries dealing with rough diamonds. In this regard, during this year, the Committee considered and approved applications from New Zealand and Bangladesh to join the KPCS. In addition, the Committee continued to engage those applicants whose applications are still pending, to meet the minimum requirements for joining the KPCS. Follow up in this regard was made with Cameroon, Cape Verde, Gabon, Mali, Mexico, Philippines, Swaziland, Tunisia and Turkey. These applications are at various stages of readiness.

Technical assistance for KP implementation

18. A number of Participants and organizations have been active in providing technical assistance to enhance capacity building for implementation of the KPCS. Some of the countries and organizations that have and continue to provide such assistance are Canada, US, Dubai Multi Commodities Center and De Beers. Belgium has announced funding to launch a comprehensive study to develop an action plan to enhance internal controls and address the problems of small-scale miners.

19. The U.S., in its role as the coordinator for technical assistance, identified several major assistance programmes underway in the diamond sector. The U.S. has had a long-standing assistance program in Sierra Leone and in 2006 launched a new program in Liberia to help that country prepare for participation in the Kimberley Process. There are good prospects for public-private partnerships in the diamond sector with De Beers launching a $2 million community development program in cooperation with the Government of the United Republic of Tanzania. De Beers and the Dubai Multi Commodities Center have also cooperated with U.S. efforts to provide training of diamond evaluators and equipment to Liberia. The United Nations Development Program is also helping to foster cooperation among the diamond-producing countries of the Mano River Union and sponsored a conference in June to promote regional harmonization of policies. In addition the World Diamond Council has provided technical assistance and training to many KP Participants over the years. The World Diamond Council will over the next three months, assist Ghana by inspecting Ghanaian diamonds as part of the agreed action plan to improve the country's internal controls.

20. The Kimberley process continues to encourage donor countries and other interested stakeholders to continue to provide assistance to other Kimberley Process Participants and to notify the coordinator of their needs.

Major Achievement of the KP during 2006

21. During 2006, a major preoccupation of the Kimberley Process was the review of the KPCS, as agreed by Participants that the Scheme would be reviewed within three years of its implementation. The KPCS was implemented starting July 2003. The review, the final report on which is attached as enclosure 2, focused on three main areas: (a) the impact of the KPCS on the international trade in rough diamonds, and the extent to which the Scheme has been effective in preventing the flow of conflict diamonds into the legitimate trade, (b) the technical provisions of the Scheme and whether they are functioning as planned or require improvement and (c) the operations of the Scheme, their effectiveness and efficiency.

22. The major findings of the review are as follows:

Role of governments, industry and civil society

22.1. The inclusive nature of the KP has been a key ingredient in the success of the KPCS with each type of actor bringing their respective interests, expertise, skills and knowledge to the table. Industry and NGO Observers have been involved in the working groups and in review visits and missions from the beginning. The Participants of the KPCS are very varied, ranging from alluvial to industrial producers of diamonds, to trading and cutting/polishing countries, of different sizes, in different continents, and with vastly differing stakes in the diamond industry. Nonetheless the KPCS has maintained an inclusive approach in line with the General Assembly mandate granted to it, and has been stronger as a result.

Working methods: burden sharing and flexibility

22.2. The flexible structure of the KP, including a rotating Chair, and the devolution of considerable responsibilities to smaller working groups, has achieved remarkable progress in a very short time. A wide and increasing range of Participants and Observers have participated in review visits and missions, and diversity of leadership has been growing. The frequent teleconferences and email exchanges utilized by working groups have ensured constant review and development in a very efficient, low-resource manner (and Participants in different time-zones have been very flexible to allow teleconferences to take place at the least inconvenient time for the majority). There has been a steady stream of innovations, developments and improvements initiated in working groups, transforming the KPCS over time. However, there are questions about the sustainability of this over the long-term.

22.3. The KP website, both the Participant and public sections, respectively, could be improved to include more documentation as appropriate, and organized to show clearly what it contains. All Plenary documents should be made available in the working languages of the Plenary. Moreover all documents generated by the peer review system should be made accessible more systematically to all Participants and Observers, and to selected international organizations, notably in the UN system.

Decision making

22.4. The most important principle of the operation of the Kimberley Process, which has proved effective and which should be retained, is that decision-making is on the basis of consensus. There are no entrenched negotiating blocs of Participants but rather a continual search for mutually acceptable solutions on the basis of mutual respect and trust. Consensus has enhanced the confidence of Participants and the sense of shared ownership and legitimacy.

Legal status

22.5. The Kimberley Process is essentially a consultative intergovernmental mechanism operating with the support of industry and civil society and is aimed at excluding "conflict diamonds" from legitimate international trade channels. To achieve this goal, the KP Participants have adopted a Certification Scheme, established by a document which provides for the creation and development of an international certification scheme for rough diamonds, on the basis of national systems. The KPCS is not a legally binding document, in the strictest terms of international law. However, the KP Participant countries considered it necessary to voluntarily fulfill the KPCS minimum requirements at the national level and have adopted relevant laws and/or executive acts to that effect, resulting in its provisions having the force of national law in Participant countries.

International community

22.6. The KP has enjoyed a good relationship with the wider international community, notably the UN General Assembly[1] and Security Council[2], the WTO (which granted a waiver) and World Customs Organization (which agreed changes to its documents). The support of the United Nations has been important for the legitimacy and authority of the KP. At the same time, there is scope for enhanced co-operation with bodies working on issues of diamond sector governance from a development or conflict prevention perspective, both in the UN system and among the international financial institutions. This kind of cooperation will be carried out on the basis of approved regulations and bilateral arrangements with international organizations.

Impact

22.7. The Kimberley Process has had a very significant impact in curbing the illicit production of and trade in diamonds in countries affected by conflict diamonds. The countries concerned, with the exception of Cote d'Ivoire, themselves recognized this in their responses to the questionnaire (DRC, Angola, Sierra Leone). Every annual assessment since the introduction of the KP has seen significant increases in the percentage of their diamond production and trade captured by legal channels and the KPCS.

22.8. Increasingly, Participants are able to report cases of infringements of the provisions of the KPCS in their jurisdictions (many active cases are of course *sub judice*) demonstrating increased awareness of KPCS requirements by law enforcement and customs officials, and enhanced effective deterrence.

1 Beginning with Resolution 55/56 January 29, 2001

2 Security Council Resolution 1459 of January 28, 2003 endorsed the KPCS

Technical provisions

22.9. The technical provisions of the Scheme, including the Kimberley Process Certificate, are widely considered by Participants to be appropriate and effective, without being unduly onerous. There are some difficulties in the relationship between KP definitions of technical terms and their usage in other contexts; not all Participants apply every technical provision to the full; and sometimes it takes time and/or imposes costs on industry to comply with requirements, but generally KPCS technical rules are considered to be consistent with other international and national rules, and to be proportionate.

22.10. Overall, 71% of Participants responding directly to the questionnaire agreed without any caveats that the operation of the Kimberley Process Certification Scheme has been simple and workable. None could identify areas where simplification was required. This represents substantial progress but there is always room for improvement. In this respect, some (29%) of respondents confirmed that implementation of existing rules could be improved.

Implementation of internal controls

22.11. Implementation of internal controls, as envisaged in Section IV of the KPCS document, is a crucial element of the mechanism of the Certification Scheme. Participant countries have taken steps to implement mandatory internal control requirements, as well as optional measures contained in Annex II to the main document. Participants agreed in Plenary on a further package of internal control provisions applicable to all types of Participants (producing or trading) whose implementation will be promoted through peer review visits, reporting and dialogue.

Peer review

22.12. One of the most important features in the Kimberley Process has been its system of peer review. The central component of this has been its system of review visits which, while remaining consensual, has enabled assessment and improvement of Participants' implementation of the KPCS. However, there are issues related to weak or total non-compliance that would not have been discovered by the current system due to lack of time to undertake penetrating research into some of the persistent problems in the diamond industry. A number of possible improvements to this system have been identified by the Working Group on Monitoring and it is intended that these will be implemented in a second round of review visits.

Statistics

22.13. The KPCS has placed a high priority on collecting statistical reports from Participants and this has ensured that Participants are all aware of the requirement to provide bi-annual production and quarterly trade data. The vast majority of Participants now submit their reports on a timely basis. However, some Participants and Observers are concerned about the accuracy of the data collected. With three years' of data collected, the emphasis now should move to analysis of the data.

Dispute resolution

22.14. There has so far been one occasion on which the formal dispute resolution provisions of the KP have been invoked. This ultimately led to the removal of a Participant. By general consensus, this instance is perceived to have strengthened the KPCS by demonstrating that it has "teeth" and the ability to act decisively when the integrity and credibility of the KPCS is threatened. To date, all other disputes have been handled informally by the Chair or by KP working groups within the terms of their respective mandates. In order to make dispute resolution more transparent, however, it may be necessary to develop and adopt criteria for the removal of the countries from the list of KPCS Participants.

Participation

22.15. There is widespread agreement that the Scheme has remained open on a global, non-discriminatory basis to all Applicants willing and able to fulfill its requirements, and respondents report satisfaction with the work of the Participation Committee in this regard. Participants agreed to look into possible interim measures which could be used for Participants that fail to comply with the Scheme's requirements. This could be a stage before removal of a Participant from the list. The measures agreed in respect of Ghana are a good example of a flexible solution which on the one hand protects the legitimate diamond industry in Ghana while preserving the credibility of the KPCS on the other which rests upon the foundation of reliable certificates of origin.

Industry self-regulation

22.16. At least one Participant has an innovative system of industry self-regulation allowing members of industry bodies 'fast track' access to Kimberley Process certificates in exchange for them signing up to a number of detailed requirements to ensure that Kimberley Process requirements are observed. Importantly, this self-regulation is subject to supervision and audits by competent authorities. The majority of Participants have no similar system of industry self-regulation in place.

Technical assistance

22.17. Although the Kimberley Process was slow to address the issue of technical assistance, it has now responded to the needs being identified by review visits and raised by Participants. The response entailed the setting up of an informal technical assistance co-ordination mechanism at the Moscow Plenary currently coordinated by the US. This has begun by drawing together a compilation of existing technical assistance programs for Participants and, in some cases, actual or potential applicant countries, drawing *inter alia* on review visit findings. This work is still in its infancy. Any Participants requiring technical assistance are invited to make their needs known to the coordinator of technical assistance. Furthermore, Canada, as Chair of the Working Group on Statistics, is also making available technical assistance, including workshops, specifically on statistical requirements.

General Level of satisfaction

22.18. Most Participants, whether producing and trading, or trading only, concluded in their responses that the KPCS met their requirements well.

22.19. The Plenary endorsed the conclusions of the 3-year review of the KPCS and adopted the 46 recommendations of the report to strengthen the Kimberley Process. In addition, it was agreed that four other issues would receive priority attention in the year ahead. These are; (i) funding and resource requirements, (ii) improving statistical data gathering and analysis, (iii) effective and credible government oversight of the diamond industry and (iv) the treatment of illegal shipments.

Challenges facing the Kimberley Process

23. The situation in Côte d'Ivoire, where diamond mining continues under areas held by Forces Nouvelles, and the apparent leakage of these diamonds into the legitimate trade, remains a major area of concern and a significant challenge for the Kimberley Process. The Kimberley Process has been monitoring this situation and continues to cooperate with the UN. In April 2006, the Kimberley Process joined the Panel of Experts on Côte d'Ivoire on a field trip to the diamond mining area to assess, *inter alia*, the level of production.

24. Following the Panel of Experts report which concluded that Ivorian diamonds are being smuggled through Côte d'Ivoire's neighbouring countries, including Ghana, a Kimberley Process Participant, the Kimberley Process was gravely concerned about the threat that this poses to the credibility of the KPCS. Reports from the Kimberley Process review visit to Ghana and a United Nations' Group of Experts on Côte d'Ivoire indicated the possibility of diamonds mined in the rebel-held territory entering international markets through Ghana. Additional reports from the Kimberley Process Special Envoy to Ghana, a representative from Côte d'Ivoire, and the U.N., as well as the Kimberley Process experts who visited Côte d'Ivoire in April 2006, reiterated this concern. The Kimberley Process urged the Government of Ghana to take the necessary steps to ensure full compliance to its Kimberley Process obligations. To this end, the Kimberley Process called on Ghana to take immediate steps to ensure that Ghana strengthens its internal controls to eliminate the weaknesses identified in its diamond handling systems. Ghana has expressed its unwavering commitment to fully investigate the allegations as well as take appropriate measures to strengthen its internal controls and other safeguards against illicit diamonds. It indicated its willingness to work with the Kimberley Process and to take advantage of technical assistance offered to ensure full compliance. In this respect, it invited a review mission to Ghana in three months to verify compliance.

25. Some of Côte d'Ivoire's neighbours are not Kimberley Process Participants and, therefore, the Kimberley Process has relatively limited influence over such countries. The Kimberley Process views the problem of leakage diamonds from Côte d'Ivoire into the legitimate trade as one that may require a regional approach to resolve. To that extent, the Kimberley Process plans to pursue regional solutions by, among other things, encouraging all countries in the region to join the KPCS as recommended in Security Council resolution 1572 (2005).

26. The other area where there are challenges that require a regional approach is in South America, and specifically concerning Brazil, Guyana and Venezuela. Brazil has offered to host a trilateral meeting to address regional diamond trade concerns regarding internal diamond control. Guyana has also indicated its interest in participating in any regional meetings aimed at resolving diamond related issues. The Kimberley Process has agreed to send a fact-finding review mission to Venezuela to investigate questions about its control over diamond production and exports.

Kimberley Process Cooperation with the UN and its Organs

27. During 2006 the Kimberley Process dealt with matters under its purview in close conjunction with the relevant UN bodies. These include Côte d'Ivoire and Liberia in accordance with UNSC resolutions 1572 (2005) and 1521 (2003) respectively.

28. A joint Mission with the Group of Experts appointed pursuant to UNSC 1572 (2005) was also undertaken to Côte d'Ivoire in April 2006. The Mission confirmed that illicit diamond production was occurring in the rebel held territory of Tortiya and Seguela, and KP experts provided estimates of the level and value of that production to the UN Group of Experts. The report of the UN Group of Experts drew attention to the possibility of illicit diamonds infiltrating the KPCS in neighbouring countries, due to weak and/or inadequate internal controls.

29. In May 2006, the KPCS sent an expert mission to Liberia aimed at gauging the adequacy of Liberia's internal controls in accordance with the minimum requirements for joining the KPCS. This Mission reported the progress made by Liberia in setting up transparent and auditable internal controls including national legislation on regulating diamonds. However, it felt that more work needed to be done towards full compliance.

30. Liberia was invited to and had representatives attend the Gaborone Plenary where they reported on progress in establishing a diamond certification scheme to satisfy the criteria of the Kimberley Process as requested in the UN Security Council Resolution 1521 (2003).

Kimberley Process Cooperation with other initiatives

31. The diamond industry and some NGOs have started the Diamond for Development Initiative (DDI) whose aim is to improve the working conditions and remunerations of artisan diamond miners. The DDI and the Extractive Industries Transparency Initiative were invited to and made presentations at the Gaborone Plenary. It was agreed that the Kimberley Process will be updated on these and other initiatives which seek to address development issues facing countries with artisanal diamond mining.

Conclusion

32. The Kimberley Process continues to have a positive impact in eliminating conflict diamonds from the legitimate trade in rough diamond. Attestations to this are included in the findings of the 3-year review. The Kimberley Process does however still face a number of challenges. The major

one is the prevention of Côte d'Ivoire diamonds from contaminating other countries' legitimate production. Some of the pragmatic solutions advanced during the Gaborone Plenary promise to further make it difficult for diamonds from Cote d'Ivoire to enter the legitimate trade in rough diamonds.

Way Forward

33. There is a continuing need to strengthen the KPCS. In this regard, it is vitally important that as many as possible of the recommendations arising out of the 3-year review be implemented as a matter of urgency. Participant countries must vigorously continue pursuing the improvement of internal controls; deal with the problem of diamonds from Cote d'Ivoire and further expand the Kimberley Process membership.

34. In terms of the KP procedures, on expiry of the Chair's term of office (one year), the Vice Chair automatically ascends to the Chair with only the Vice Chair being selected at the Plenary. The European Community as Vice Chair for 2006 will become Chair with effect from 1 January 2007. The Plenary elected India as Vice-Chair for 2007.

Enclosure 1

Final communiqué

1. The Kimberley Process met November 6-9 in Gaborone, Botswana, at its annual plenary and approved a plan to help Ghana strengthen its internal diamond controls or face a possible loss of its Kimberley Process status. A special Kimberley Process review mission will visit Ghana in three months to review progress.

   The plenary addressed findings of the Kimberley Process review visit to Ghana and reports from a United Nations' Group of Experts on Côte d'Ivoire that diamonds mined in the rebel-held territory are entering international markets through Ghana. The plenary heard reports from its Special Envoy to Ghana, its review visit leader, a representative from Côte d'Ivoire, and U.N. and Kimberley Process experts who visited Côte d'Ivoire in April 2006. The plenary concluded that there may be credible indications that Ghana has not complied with its Kimberley Process obligations. Plenary decided that Ghana must take immediate steps to ensure that Ghana export only Ghanaian diamonds. The plenary agreed to send a review mission to Ghana in three months to verify compliance. Ghana officials committed to take appropriate measures to maintain the integrity of the Kimberley Process.

2. The plenary endorsed the conclusions of the Third Year Review of the KPCS prepared by the ad hoc Working Group adopting 46 recommendations to strengthen the Kimberley Process. The plenary agreed to: publish the names of participants which habitually fail to submit statistics; highlight requirements related to illegal shipments; develop proposals related to interim measures including possible suspension in cases of significant non-compliance; and the creation of the Working Group on Artisanal-Alluvial Production. The plenary agreed that four other issues would receive priority attention in the year ahead: funding and resource requirements; improving statistical data gathering and analysis; effective and credible government oversight of industry; and the treatment of illegal shipments.

3. Responding to calls from participants, civil society and the World Diamond Council, the plenary agreed on stronger internal controls standards for participants which produce, trade, cut and polish diamond. These measures offer clearer guidance on implementing effective controls from mine to export and include stronger government oversight of the diamond industry, including spot checks of industry compliance.

4. The plenary called for a review mission to Venezuela to investigate compliance with Kimberley Process obligations.

5. The Working Group on Statistics (WGS) reported that the Kimberley Process in 2006 monitored $37.6 billion in rough diamonds exports representing more than 500 million carats of rough diamonds. Participants issued 59,000 certificates to accompany those shipments. The WGS reported that participants are reporting data regularly and the quality of the data and the analysis has improved.

6. The plenary endorsed the concept of transparency in statistical reporting by approving the immediate release of Kimberley Process summary data on trade and production, by value and volume, and certificate counts for 2004 and 2005 data.

7. The Participation Committee welcomed New Zealand and Bangladesh as new participants in the Kimberley Process in 2006 bringing to 47 the total number of participants representing 71 countries (including the 25 members of the European Union represented by the European Commission). Seven countries are seeking participant status. The committee invited seven other countries in 2006 to consider joining the Kimberley Process. Observers from Liberia, Mali, Mexico and the Republic of Congo expressed interest in participating in the Kimberley Process and sent representatives to the plenary meeting. Liberia reported on progress in establishing a diamond certification scheme to satisfy the criteria of the Kimberley Process as requested in UN Security Council Resolution 1521.

8. The Working Group on Monitoring (WGM) reported that the Kimberley Process has completed 34 major peer reviews of participants – 15 of those reviews were conducted in 2006. In total 42 Participants have received or invited review visits thereby meeting the target set out in 2003 that "the largest number of Participants" should be monitored under the Peer Review mechanism. China, Ghana, Brazil, Guyana, Japan and Republic of Korea reported on their peer review visits. The WGM announced plans for a schedule of peer review including the start of a second round of review visits starting in 2007. All participants submitted their annual reports on Kimberley Process implementation, which were assessed by the Working Group on Monitoring.

9. The Working Group of Diamond Experts (WGDE) reported on preliminary development of "footprints" which characterize diamond production from Côte d'Ivoire. Further work will be done to develop similar "footprints" for other West African diamond producers. The plenary requested the WGDE organize a seminar on diamond origin determination. The WGDE also reported on a thorough geological assessment of the production capacity of the Republic of Congo by the French Bureau de Recherche Géologique et Minière (BRGM).

10. The plenary mandated the WGDE to approach the Harmonized System Committee of the World Customs Organization to advance classification issues and prepare a photo table.

11. Angola was selected to lead the new Working Group on Artisanal Alluvial Production which will address issues of particular concern to alluvial/artisanal producers. Alluvial-producing countries reported on efforts in 2006 in West and Central Africa and South America. Brazil agreed to meet with Venezuela to address regional diamond trade concerns regarding internal diamond controls. Guyana indicated strong interest in participating in the regional meeting.

12. The Coordinator for Technical Assistance reported on aid and capacity building efforts focused on Sierra Leone, Liberia, Guinea, Mali, the Central African Republic and Tanzania. The Dubai Diamond Exchange and De Beers are providing training for diamond evaluators from Liberia, Sierra Leone and Ghana. Canada is providing statistical training for participants. Belgium announced an initiative to launch a comprehensive study to develop an action plan to enhance

internal controls and address the problems of small-scale miners. Other donors were encouraged to provide financial and technical expertise to fellow Kimberley Process participants to help them develop tighter monitoring and control.

13. Presentations were made on the Diamond Development Initiative and the Extractive Industries Transparency Initiative. It was agreed that the Kimberley Process will be updated on these and other initiatives, which seek to address the governance, regulatory, and development issues facing countries with artisanal diamond mining. It also was agreed that the Kimberley Process will develop closer relations with the communities affected and civil society at the local level.

14. The Kimberley Process Chair's authority was transferred to the European Community for the year 2007. India was elected Vice-Chair for 2007. Russia was appointed to chair the Rules of Procedure committee.

15. The decisions taken by the Plenary will be considered to have been formally adopted once they have been translated into the official languages of the Plenary (English, French, Portuguese, Spanish and Russian), in accordance with Rule 26 of the KPCS Rules of Procedure, and made available to all Participants.

Enclosure 2

Third year review submitted by the Ad Hoc Working Group on the review of the Kimberley Process Certification Scheme

October 2006

EXECUTIVE SUMMARY

The Kimberley Process Certification Scheme (KPCS) is an example of international cooperation at its best. In the first three years of its operation it has proved remarkably successful, to the point that now the vast majority of production and international trade of rough diamonds are moved through official Kimberley channels. The successful implementation of the KPCS is based on a flexible and pragmatic approach, where *ad hoc* solutions are adopted because they worked, and Participants and Observers have volunteered the resources necessary.

In accordance with the KPCS document, Participants agreed to undertake a review of the Scheme after three years. This first Review focuses on three major areas: first, the impact of the KPCS on the international trade in rough diamonds, and the extent to which the Scheme has been effective in preventing the flow of conflict diamonds into the legitimate trade; second, the technical provisions of the Scheme and whether they are functioning as planned or require improvement; third, the operations of the Scheme, their effectiveness and efficiency.

As to its impact, the UNGA Resolution giving a mandate for the Kimberley Process has been renewed regularly, and has gained recognition from the UN Security Council. This widespread and continued international support confers an important measure of legitimacy upon the KPCS and acknowledges the efforts of KP Participants and Observers.

As well, all available data suggest that the majority of the international trade in rough diamonds is now carried on within the KPCS. All significant diamond producing and trading centers (with the exception of Liberia, which remains under UN diamond sanctions) are implementing the KPCS. As well, the KP has contributed to substantial increases since 2003 in the proportion of rough diamonds exported through official channels in countries previously affected by conflict diamonds. Nevertheless, conflict diamonds are still being mined by rebel groups in Côte d'Ivoire and are reported to be entering the legitimate trade. There are also reports of illicit diamond extraction and trading by rebel factions and militias in the Democratic Republic of Congo.

The technical provisions of the Scheme are working well overall, and are being enforced, as indicated by a number of seizures of irregular shipments and prosecutions for infringements of KPCS regulations. As to be expected with an international scheme of such complexity, technical problems continually arise; these are addressed by the Working Group on Diamond Experts and by many suggestions of Participants enumerated in this Review in the form of recommendations. The major problem that emerged in the Review is the effective implementation of internal controls, which

remains an important challenge. This problem is addressed by a series of recommendations, which should be implemented immediately, as a major priority of the KP.

The Scheme is operating well, and the statistics and peer review monitoring systems are proving to be essential tools. However they could be improved. Participants and Observers made many recommendations in the areas of statistical requirements and the peer review monitoring system that have been included in the Review's recommendations.

Enclosure 3

List of Kimberley Process participants as at Gaborone plenary

1. Angola
2. Armenia
3. Australia
4. Bangladesh
5. Belarus
6. Botswana
7. Brazil
8. Bulgaria
9. Canada
10. Central African Republic
11. China, People's Republic of
12. Congo, Democratic Republic of
13. Cote D'Ivoire
14. Croatia
15. European Community
16. Ghana
17. Guinea, Conakry
18. Guyana
19. India
20. Indonesia
21. Israel
22. Japan
23. Korea, Republic of
24. Lao, Democratic Republic of
25. Lebanon
26. Lesotho
27. Malaysia
28. Mauritius
29. Namibia
30. New Zealand
31. Norway
32. Romania
33. Russian Federation
34. Sierra Leone
35. Singapore
36. South Africa
37. Sri Lanka
38. Switzerland
39. Tanzania
40. Thailand
41. Togo
42. Ukraine
43. United Arab Emirates
44. United States of America
45. Venezuela
46. Vietnam
47. Zimbabwe

Note: The rough diamond trading entity of Chinese Taipei has also met the minimum requirements of the KPCS

Enclosure 4

Composition of Kimberley Process working groups

1. Working Group on Monitoring:

Canada
Central African Republic
European Community (Chair)
India
Israel
People's Republic of China
Russian Federation, South Africa
United States
World Diamond Council (WDC)
Global Witness and Partnership Africa Canada

2. Working Group on Statistics

Angola
Botswana
Canada (Chair)
People's Republic of China
European Community
India
Israel
Russia
South Africa
Switzerland
United States Of America
World Diamond Council and
NGOs: Partnership Africa Canada

3. Working Group on Participation:

Angola
Botswana
Canada
People's Republic of China
European Community
India
Israel
Russian Federation (Chair)
South Africa

United States
World Diamond Council and Partnership Africa Canada/Global Witness

4. Working Group on Diamond Experts

World Diamond Council (Chair)
South Africa
Australia
Botswana
Canada
European Community
Israel
Russia
India and
China

5. Ad Hoc sub-group on Alluvial Mining

Coordinators:

- Democratic Republic of Congo (for Central and Southern Africa)
- Sierra Leone (for West Africa)
- Brazil (for South America)

Members:

- Angola
- Brazil
- Central African Republic
- Democratic Republic of Congo
- Côte d'Ivoire
- Ghana
- Guinea
- Guyana
- Namibia
- Sierra Leone
- South Africa
- Tanzania
- Togo
- Venezuela
- Zimbabwe
-World Diamond Council
- NGO's

The Chair and Vice-Chair of the Kimberley Process and the Chair of the Working Group on Monitoring are *ex-officio* members of the sub-group.

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Programme budget for the biennium 2006-2007

Gender architecture for the United Nations: revised estimates to the programme budget for the biennium 2006-2007

Report of the Secretary-General

Summary

The existing United Nations architecture dealing with gender equality and the empowerment of women is fragmented and lacks the necessary coherence to achieve maximum impact. To strengthen the Organization's capability to fulfil its mandates related to women, the present report proposes the establishment of a post of executive director for gender equality and advancement of women for the proposed new office on gender equality and advancement of women. The executive director would work on the details of the basic structure of the new office and would oversee the development of the new entity in consultation with the relevant intergovernmental bodies and institutions of the United Nations system.

Additional resources in the amount of $306,500 gross ($279,300 net) would be required under the programme budget for the biennium 2006-2007.

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I. Introduction

1. The 2005 World Summit Outcome (General Assembly resolution 60/1) most recently reaffirmed Member States' commitment to fully and effectively implement the goals and objectives of the Beijing Declaration and Platform for Action[1] and the outcome of the twenty-third special session of the General Assembly (resolutions S-23/2, annex, and S-23/3, annex) as an essential contribution to achieving the internationally agreed development goals, including those contained in the Millennium Declaration (see resolution 55/2); and recognized the importance of strengthening the capabilities of the United Nations system in the area of gender.

2. The World Summit Outcome also called for a stronger system-wide coherence by, inter alia, strengthening linkages between the normative work of the United Nations system and its operational activities and ensuring that the main horizontal themes, including gender, were taken into account in decision-making throughout the system.

3. In his report aimed at facilitating the intergovernmental review of all mandates older than five years (A/60/733 and Corr.1) mandated in paragraph 163 (b) of the World Summit Outcome, the Secretary-General included consideration of gender equality and empowerment of women. He highlighted that for the past 30 years gender equality and empowerment issues had been increasingly cutting across the work of the United Nations, like such other critical issues as the environment, peacebuilding, human rights law and humanitarian assistance. The Secretary-General noted that intergovernmental processes had been created to address the latter cross-cutting issues, including in their institutional set-up. He called for equal attention on gender and clearly stated that there was a need to move towards improved clarity in institutional responsibilities and more concerted action in relation to gender equality. There was a need to assess progress made across the system, the gaps and challenges remaining and ways to improve outcomes".

4. To that end, the Secretary-General requested the High-level Panel on System-Wide Coherence to review the contribution of the United Nations system to achieving gender equality and to make recommendations on how gender equality perspectives could be better integrated into the work of the Organization. The High-level Panel provided the Secretary-General with a proposal on a new United Nations gender architecture.

5. The Secretary-General decided to pursue aspects of the gender architecture recommendation by launching an intensive in-house consultative process with all relevant United Nations departments, offices and organizations involved in this issue, inter alia, the Office of the Special Adviser on Gender Issues and Advancement of Women, the United Nations Development Fund for Women (UNIFEM) and the United Nations Development Programme (UNDP). That consultation process took place in the context of meetings of the Policy Committee, as well as a Task Force on Gender chaired by the Deputy Secretary-General and the Chef de Cabinet, which reviewed the proposal and adapted it to the needs of the United Nations.

[1] *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I, resolution 1, annexes I and II.

6. The high level of commitment by Member States and the Secretary-General to the empowerment of women and gender equality is fully supported by civil society and other non-State actors who have also been advocating the strengthening and consolidation of the United Nations system's gender-related work and institutions. That worldwide momentum for the advancement of gender equality, combined with the scope and complexities associated with pre-existing gender inequalities and discrimination, deserve urgent and special attention on the part of the General Assembly.

7. In response to these and previous mandates (see also annex II) and urgent calls for action, the purpose of the present report is to propose a process that will lead to a strengthened and consolidated United Nations gender architecture through the establishment of a post of executive director on gender equality and advancement of women at the level of Under-Secretary-General. One of the main tasks of the executive director would be to work with a small team of existing United Nations staff to develop the details of the new gender architecture.

II. Background

A. Current intergovernmental processes

8. The General Assembly, the Economic and Social Council and the Commission on the Status of Women, in accordance with their respective mandates, constitute a three-tiered intergovernmental mechanism with the primary role in policymaking on gender equality and follow-up to the Beijing Declaration and Platform for Action.

9. The Second Committee of the General Assembly addresses issues concerning women in development on a biannual basis, while the Third Committee has two agenda items devoted specifically to gender equality and focuses in particular on the human rights of women. Since 1997, the Economic and Social Council and its commissions have paid greater attention to gender mainstreaming in follow-up to its agreed conclusions 1997/2.[2] The Commission on the Status of Women plays a central role in monitoring the implementation of the Beijing Platform for Action and in promoting gender mainstreaming at the national level and within the United Nations system. The Commission will increase its focus on monitoring progress in implementation at the national level and will facilitate sharing of national-level experience and good practices. Since 2000, the Security Council has held annual debates on women, peace and security, including on the overall implementation of its resolution 1325 (2000) and on specific themes such as violence against women and women's political representation.

10. The newly created Peacebuilding Commission and the Human Rights Council provide important new opportunities for accelerating implementation of the Beijing Platform for Action, the Convention for the Elimination of All Forms of Discrimination against Women,[3] Security Council resolution 1325 (2000) and the gender equality commitments in the World Summit Outcome. Efforts need to be made to ensure that the development of mandates, structures, working methods and

[2] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 3* (A/52/3/Rev.1), chap. IV, para. 4.

[3] United Nations, *Treaty Series*, vol. 1249, No. 20378.

other procedures of these bodies are based on international norms and standards on gender equality and empowerment of women.

B. Current gender architecture

11. The United Nations entities that carry out the mandates in the context of the current gender architecture are as follows (see also annex III):

(a) The Office of the Special Adviser on Gender Issues and Advancement of Women;

(b) The Division for the Advancement of Women of the Secretariat;

(c) UNIFEM;

(d) The International Institute for Research and Training for the Advancement of Women (INSTRAW);

(e) Gender units and focal points in United Nations entities (for gender mainstreaming) and departmental focal points (for gender balance);

(f) Gender theme groups (at the country level);

(g) Inter-agency mechanisms.

C. Challenges

12. In the 10 years since the Fourth World Conference on Women, significant progress has been made by the United Nations towards implementation of the intergovernmental mandates, including the Beijing Platform for Action. At the same time, a critical analysis of the United Nations system-wide capacities for gender equality and gender mainstreaming shows that the current system-wide gender architecture is too incoherent, underresourced and fragmented to provide effective support to Member States, in particular at the country level, where it is difficult to integrate norms and standards seamlessly into policy and operational support.

13. That situation is further exacerbated by the fragmentation of intergovernmental and national decision-making institutions, which frequently lack the commitment, knowledge and capacity to implement policies and other initiatives at the country level in order to address the lack of gender equality and women's empowerment.

14. Moreover, such institutional and intergovernmental weaknesses have had an impact on the ability of the United Nations to speak as one powerful voice on behalf of women and have diminished its effectiveness in promoting and advocating for women's rights and empowerment with multiple constituencies, including Governments, non-governmental organizations and the broader civil society, including the media.

III. The way forward: why the United Nations needs a new gender architecture

15. To enable the United Nations to address the above challenges and more effectively pursue gender mainstreaming and the empowerment of women, a

system-wide effort will be required to strengthen and consolidate the Organization's gender architecture. Such an effort should, however, build on the strengths and comparative advantages and mandates of all key United Nations entities working in the area.

16. Moreover, it should be underscored that even with a stronger and consolidated United Nations gender architecture, the commitment to gender equality and women's empowerment is and should remain the responsibility of the entire United Nations system. Responsibility and accountability for the integration of gender equality concerns cannot be held by one United Nations entity alone, regardless of its size and influence.

17. A new United Nations gender architecture would need to be able to enhance the links between norms and standards, policies and operational work in order to have an impact on women's empowerment and gender equality, especially on the ground, by: (a) engaging Governments and their national machineries for women; (b) enhancing country and regional monitoring capacity; (c) ensuring systematic feedback for intergovernmental decision-making; (d) deploying gender advisers to countries and regions and establishing standing capacities for rapid deployment of gender experts and field support; and (e) providing advice to Governments, upon request, on gender equality capacity-building and technical assistance.

18. A consolidated gender entity, with sufficient status, authority and resources would be able: (a) to recommend good practices and replicable models to all countries, bringing together Governments, United Nations partners and civil society organizations to formulate and adopt legal and policy frameworks for gender equality; (b) to facilitate their implementation through institutions that are gender-sensitive; (c) to increase the capacity of Governments and gender equality advocates to make the case for their implementation; and (d) to change attitudes and behaviours that perpetuate gender inequality in society. That entity would be able to achieve these results to the extent that it had sufficient presence and authority at the United Nations country team level and could inspire and mobilize partnerships for change. To do so, it must be connected to a constituency at the country level that can ensure that the system is responsive to the actual realities of women, in particular poor and excluded women.

IV. Proposed institutional arrangements for the new office on gender equality and advancement of women

19. In considering possible institutional arrangements for the proposed new office on gender equality and advancement of women, the Secretary-General evaluated various institutional settings, including the one proposed by his High-level Panel on United Nations System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment, on the basis of the following broad desired characteristics:

(a) High-level presence both at Headquarters and in the field;

(b) Collaboration and synergy with other United Nations entities;

(c) A sound financial base;

(d) Administrative autonomy and flexibility;

(e) Cost-effective and economical operation.

20. Against this background, the new office proposed by the Secretary-General would maintain a work programme and management structure independent of any particular department or office and would enjoy a high degree of functional autonomy, operational flexibility and enhanced fund-raising opportunities.

21. The following broad institutional arrangements are proposed:

(a) Consolidation of the Office of the Special Adviser on Gender Issues and Advancement of Women, the Division for the Advancement of Women and UNIFEM to make the new office stronger and more effective along the lines indicated in General Assembly resolution 60/1. An executive director, at the level of Under-Secretary-General, would head the office. The executive director would also be the chief adviser to the Secretary-General on gender equality and women's empowerment issues;

(b) The new office would combine the normative, analytical and monitoring as well as focused operational mandates and responsibilities of the current gender architecture. It would be a catalyst for technical and policy matters and the authority on gender equality and women's empowerment issues around the world, with the support of high-quality technical and substantive expertise. Its functions would include:

(i) Facilitating and advising on system-wide policies for gender equality and women's empowerment;

(ii) Undertaking global advocacy efforts on issues critical to women's empowerment and gender equality, including the publication of flagship reports;

(iii) Monitoring and evaluating the integration of gender equality objectives across the United Nations system, including departments of the Secretariat and the funds, programmes and specialized agencies;

(iv) Monitoring the institutional performance of the United Nations system with regard to the achievement of gender balance goals;

(v) Supporting the integration of gender equality and women's empowerment concerns in intergovernmental bodies for development, humanitarian assistance, environment, human rights, peacekeeping and peacebuilding;

(vi) Providing substantive and technical servicing to the Commission on the Status of Women;

(vii) Providing policy and technical advice and guidance to United Nations country and regional teams to ensure that gender equality concerns are mainstreamed in the support provided to nationally led poverty reduction and development plans;

(viii) Undertaking regional and national advocacy to put issues critical to women's empowerment on the policy agenda;

(ix) Facilitating innovation, sharing lessons and enabling institutional learning throughout the system;

(x) Serving as a catalyst through innovative and experimental proof-of-concept activities, benefiting women in line with national and regional priorities and the objectives set out in the Beijing Platform for Action, Security Council resolution 1325 (2000) and the Convention on the Elimination of All Forms of Discrimination against Women;

(xi) Strengthening and monitoring accountability across the resident coordinator system and assisting resident coordinators and United Nations country teams to meet their responsibilities for gender mainstreaming;

(xii) Establishing institutional linkages and overall coordination with INSTRAW,[4] the Peacebuilding Support Office and the Special Representative for Children and Armed Conflict;

(xiii) Establishing institutional linkages and overall coordination with the Department of Peacekeeping Operations of the Secretariat for implementation of Security Council resolution 1325 (2000);

(c) The executive director of the office would report to the Economic and Social Council, the Commission on the Status of Women and the General Assembly, through the Secretary-General, on its normative and analytical work, and to the Executive Board of the UNDP/United Nations Population Fund/office on its programmatic work. The office would be an integral part of the United Nations country teams as well as the "One Country Programme" arrangements as they commence. To reduce costs and increase effectiveness, the entity would share common services at the Headquarters and field levels, where available;

(d) The office would be funded from a combination of assessed and voluntary contributions. Normative and analytical activities would continue to be funded from the regular budget, supplemented by voluntary contributions. Advisory and catalytic programming work should be fully and ambitiously funded entirely from voluntary contributions;

(e) The functions currently performed by the Office of the Special Adviser on Gender Issues and Advancement of Women regarding improvement of the status of women in the Secretariat would be transferred to the Office of Human Resources Management of the Secretariat.

V. Establishment of the post of executive director for gender equality and advancement of women

22. It is proposed that the office be headed by an executive director, at the level of Under-Secretary-General. The executive director would oversee the transition from the existing gender institutional setting to a new consolidated office in close consultation with the relevant intergovernmental bodies and institutions of the United Nations system. The executive director would be temporarily attached to the Executive Office of the Secretary-General and staffed with existing human resources, pending a decision of the General Assembly on the institutional and organizational details of the new office. More detailed responsibilities of the

[4] INSTRAW is into the category of United Nations research and training institutes and it is proposed that its future institutional setting be examined by the General Assembly in connection with that of other United Nations training institutes.

executive director are listed in the proposed terms of reference (annex I). The Secretary-General Designate would appoint the executive director.

VI. Budgetary implications related to the establishment of the new office

23. The proposal to establish the new office headed by an executive director would require the establishment of a post at the Under-Secretary-General level. He/she would be assisted by a special assistant at the P-3 level and an administrative assistant (General Service (Other level)). Given the transitional nature of the office, it is envisaged that the P-3 and the General Service posts would be made available through secondment from UNIFEM and the Office of the Special Adviser on Gender Issues and Advancement of Women/Division for the Advancement of Women, respectively, on a non-reimbursable basis.

24. Accordingly, resource requirements in the amount of $157,500 would provide for salaries and common staff costs related to the establishment of the post of the executive director at the Under-Secretary-General level.

25. The estimated requirements under non-post items in the amount of $121,800 would provide for one-time costs related to alteration of office space ($72,500) and acquisition of furniture and fixtures for the office ($33,000), rental of premises ($11,000), acquisition of office automation equipment ($2,000) and other operating expenses ($3,300).

26. The overall requirements are estimated at $306,500 gross ($279,300 net) for the biennium 2006-2007. The breakdown of the requirements by budget section is presented below.

Additional requirements for appropriation during the biennium 2006-2007

(United States dollars)

Section 1. Overall policymaking, direction and coordination	162 800
Section 28D. Office of Central Support Services	116 500
Section 35. Staff assessment	27 200
Total requirements (gross)	**306 500**

27. The additional resource requirements would be considered in connection with the provisions governing the contingency fund (see General Assembly resolutions 41/213 and 42/211). In that regard, it is recalled that the Assembly, in its resolution 59/278, approved a contingency fund for the biennium 2006-2007 in the amount of $27.2 million. The balance of the contingency fund following decisions taken by the Assembly amounts to $637,300.

VII. Conclusions

28. An end to poverty, access to good education and healthcare, freedom from violence, protection of reproductive rights and sustainable livelihoods are still basic

objectives of gender equality work worldwide. The World Summit Outcome recognized that progress for women was progress for all. Achieving gender equality is one of the primary and enduring responsibilities of all Governments and therefore one of the pre-eminent areas in which the United Nations needs to assist its Member States.

29. An effective and consolidated gender architecture should create a more supportive environment for Governments to meet their commitments under the Beijing Platform for Action, the Millennium Development Goals and the 2005 World Summit Outcome, with special focus on implementation at the country level. This vision should be effectively supported by coordinated and coherent action on the part of the United Nations system, with each entity being focused on its comparative advantages and mandates and carrying out high-impact and cost-effective gender-related activities, programmes and policies that promote gender equality and women's empowerment and rights.

30. The ultimate goal of this change should be an increased capacity of the United Nations system to turn gender equality commitments into reality so that individual women and girls see a real difference in their lives.

VIII. Action to be taken by the General Assembly

31. **The General Assembly is requested:**

(a) **To endorse in principle the creation of an office on gender equality and advancement of women, along the lines described in the present report, pending intergovernmental and inter-organizational consultations;**

(b) **To approve the establishment of a post of executive director at the Under-Secretary-General level;**

(c) **To appropriate a total of $306,500, comprising $162,800 under section 1, Overall policymaking, direction and coordination, $116,500 under section 28D, Office of Central Support Services, and $27,200 under section 35, Staff assessment, to be offset by an equivalent amount under income section 1, Income from staff assessment, of the programme budget for the biennium 2006-2007.**

Annex I

Proposed terms of reference for the Executive Director

1. Under the authority of the Secretary-General, the Executive Director for Gender Equality and Advancement of Women will be the chief adviser to the Secretary-General on gender equality and women's empowerment issues, entrusted with a dual mandate combining normative, analytical and monitoring functions with policy advisory and catalytic programming functions.

2. The Executive Director will oversee the transition from the existing gender institutional setting to a new consolidated Office by, inter alia:

(a) Establishing and managing a team of United Nations staff to work on the details of the consolidated gender entity;

(b) Engaging with the rest of the United Nations system to ensure a smooth transition;

(c) Engaging and following up with Member States during the intergovernmental process required to establish the new gender entity;

(d) Engaging with civil society to support the transition process.

3. The Executive Director will oversee the implementation of the functions of the Office, which will include:

(a) Facilitating and advising on system-wide policies for gender equality and women's empowerment;

(b) Undertaking global advocacy efforts on issues critical to women's empowerment and gender equality, including the publication of flagship reports;

(c) Monitoring and evaluating, on behalf of the Secretary-General, the integration of gender equality objectives across the United Nations system, including the departments of the Secretariat, funds, programmes and specialized agencies;

(d) Monitoring the institutional performance of the United Nations system with regard to the achievement of gender balance goals;

(e) Supporting the integration of gender equality and women's empowerment concerns in intergovernmental bodies for development, humanitarian assistance, environment, human rights, peacekeeping and peacebuilding;

(f) Providing substantive and technical servicing to the Commission on the Status of Women;

(g) Providing policy and technical advice and guidance to United Nations country and regional teams to ensure that gender equality concerns are mainstreamed in the support provided to nationally led poverty reduction and development plans;

(h) Undertaking regional and national advocacy to put issues critical to women's empowerment on the policy agenda;

(i) Facilitating innovation, sharing lessons and enabling institutional learning throughout the system;

(j) Serving as a catalyst through innovative and experimental proof-of-concept activities, benefiting women in line with national and regional priorities and the objectives set out in the Beijing Platform for Action,[5] Security Council resolution 1325 (2000) and the Convention on the Elimination of All Forms of Discrimination against Women;[6]

(k) Strengthening and monitoring accountability across the resident coordinator system and assisting resident coordinators and United Nations country teams to meet their responsibilities for gender mainstreaming;

(l) Establishing institutional linkages and overall coordination with the International Research and Training Institute for the Advancement of Women, the Peacebuilding Support Office and the Special Representative for Children and Armed Conflict;

(m) Establishing institutional linkages and overall coordination with the Department of Peacekeeping Operations of the Secretariat for implementation of Security Council resolution 1325 (2000).

4. The Executive Director will be part of all existing senior management committees and a full member of the United Nations Chief System Executives Board for Coordination.

5. The Executive Director will work closely with Governments and civil society organizations, strengthening networks already established at the global, national and local levels.

[5] *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I, resolution 1, annex II.

[6] United Nations, *Treaty Series*, vol. 1249, No. 20378.

Annex II

Mandates

1. The mandate of gender equality and advancement of women derives from the Preamble to the Charter of the United Nations establishing that the work of the United Nations is based on the equal rights of men and women, as well as from its Article 8, which states that the United Nations shall place no restrictions on the eligibility of men and women to participate in any capacity and under conditions of equality in its principal and subsidiary organs.

2. The Beijing Declaration and Platform for Action[7] adopted by 189 Member States at the Fourth World Conference on Women in 1995 is the global policy framework for gender equality, empowerment of women and women's human rights. While Governments bear the main responsibility for implementation of the provisions of the Beijing Platform for Action in 12 critical areas of concern, the Platform calls for its implementation to be carried out through the cooperation of all of the bodies and organizations of the United Nations system on the basis of "an enhanced framework for international cooperation for gender issues"[8] to ensure integrated and comprehensive implementation. As a result, the institutional capacity of the United Nations system to carry out and coordinate its responsibility for implementation should be improved[9] and responsibility for implementation of the Platform and integration of a gender perspective must rest at the highest levels.[10]

3. The Economic and Social Council agreed conclusions 1997/2,[11] adopted in July 1997, defined the concept of gender mainstreaming and made specific recommendations on the incorporation of gender perspectives into intergovernmental processes, institutional requirements for gender mainstreaming in the United Nations system, including gender specialists and capacity-building; and gender mainstreaming in the integrated follow-up to United Nations conferences. The Council also specifically called on the Secretary-General and his Special Adviser on Gender Issues and Advancement of Women to ensure a systemic integration of a gender perspective into all policies and programmes.

4. In the five-year review of implementation of the Beijing Platform for Action, at its twenty-third special session, the General Assembly adopted a political declaration (resolution S-23/2, annex) and an outcome document, entitled "Further actions and initiatives to implement the Beijing Declaration and Platform for Action" (resolution S-23/3, annex). Governments recommitted themselves to implement the Platform for Action and reaffirmed the importance of gender mainstreaming in all areas and at all levels.

5. In its resolution 1325 (2000), the Security Council emphasized the responsibility of all States to protect women and girls from human rights abuses, including gender-based violence; to enhance women's participation in all peace

[7] *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I, resolution 1, annexes I and II.

[8] Ibid., annex II, para. 306.

[9] Ibid., para. 307.

[10] Ibid., para. 308.

[11] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 3* (A/52/3/Rev.1), chap. IV, para. 4.

processes; and to mainstream gender perspectives in all aspects of conflict prevention, resolution and reconstruction. Five subsequent presidential statements on women, peace and security (S/PRST/2001/31, S/PRST/2002/32, S/PRST/2004/40, S/PRST/2005/52 and S/PRST/2006/42) provided a solid framework for further action.

6. In September 2000, the General Assembly adopted the Millennium Declaration (resolution 55/2), in which it recognized the promotion of gender equality and the empowerment of women as effective ways to combat poverty, hunger and disease and to stimulate development that was truly sustainable; and resolved to combat all forms of violence against women and to implement the Convention on the Elimination of All Forms of Discrimination against Women.[12]

7. As a follow-up to the Millennium Summit, eight Millennium Development Goals were defined as time-bound, measurable goals to focus the world's development efforts on achieving a number of strategic objectives by 2015. A specific goal on gender equality and the empowerment of women was set (goal 3). There is recognition that gender equality is critical to the achievement of all the Millennium Development Goals.

8. In the 2005 World Summit Outcome (resolution 60/1), Member States reaffirmed that gender equality was essential to advance development, security and peace; reaffirmed also that the full and effective implementation of the goals and objectives of the Platform for Action was an essential contribution to achieving the internationally agreed development goals; and highlighted the importance of and made specific commitments regarding, reproductive health, education, employment, human rights, violence against women, access to productive assets and resources, representation in decision-making and conflict prevention and resolution.

9. This policy framework is complemented by normative work on gender equality in human rights under the Convention on the Elimination of All Forms of Discrimination against Women.

[12] United Nations, *Treaty Series*, vol. 1249, No. 20378.

Annex III

Current gender architecture

Office of the Special Adviser on Gender Issues and Advancement of Women
(Staffing: 1 ASG, 2 D-1, 2 Professional and 4 GS posts)

1. The Office of the Special Adviser on Gender Issues and Advancement of Women was set up in 1997 to advise the Secretary-General and to provide vision, advocacy for and monitoring implementation of gender equality within the United Nations system itself and gender mainstreaming in the work of the entire Organization. Its mandates are as follows:

(a) Mainstreaming of a system-wide gender perspective into all activities of the United Nations, taking into account the mandates of the bodies concerned;[13]

(b) Coordination of policy within the United Nations for the implementation of the Beijing Platform for Action, including substantive servicing of the Inter-Agency Network on Women and Gender Equality (General Assembly resolution 50/203 (para. 30));

(c) Coordination of issues related to the nexus of women, peace and security (Security Council resolution 1325 (2000) and related presidential statements);

(d) Achievement, within the United Nations, including the Secretariat, of gender balance (General Assembly resolution 39/245, para. 5).

Division for the Advancement of Women
(Staffing: 1 D-2, 1 D-1, 20 Professional and 11 GS)

2. Since 1946, first a Section on the Status of Women, then the Branch for the Promotion of Equality for Men and Women and now the Division for the Advancement of Women has been servicing the Commission on the Status of Women. Since its inception, the Division has been responsible for servicing the intergovernmental processes and policy outcomes, as well as the normative processes through the Committee on the Elimination of Discrimination against Women.[14] The Division has specific links to national machineries for the advancement of women and provides some capacity-building to Member States in its areas of competency.[15] The Division's major functions are to advise the Special Adviser; to prepare reports and other documentation on a variety of subject matters related to the advancement of women; and to provide substantive and secretariat services to the Commission on the Status of Women, the Economic and Social Council and the Third Committee of the General Assembly and support for the implementation of the Beijing Platform for Action. The substantive servicing of the Convention is to be transferred to the Office of the United Nations High Commissioner for Human Rights.

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[13] *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I, resolution 1, annex II, para. 326, and General Assembly resolution 60/1, paras. 58, 59, 116, 134 (d) and 166.

[14] United Nations, *Treaty Series*, vol. 1249, No. 20378.

[15] *Report of the Fourth World Conference ...*, op. cit., paras. 327 and 328.

United Nations Development Fund for Women
(Staffing: 1 D-2, 2 D-1, 97 Professional, of whom 56 are in the field, 40 national staff and 69 GS, 47 of them in the field)

3. In its resolution 39/125, the General Assembly re-established the United Nations Development Fund for Women (UNIFEM) as a separate and identifiable entity in autonomous association with the United Nations Development Programme with a mandate to serve as a catalyst to ensure the appropriate involvement of women in mainstream development activities, to support innovative and experimental activities benefiting women in line with national and regional priorities, and to support the overall United Nations system to enhance its performance on strengthening women's empowerment. Successive resolutions have broadened and deepened the original mandate of UNIFEM, including General Assembly resolutions 50/166 and 59/250, and Security Council resolution 1325 (2000) on women, peace and security.

International Research and Training Institute for the Advancement of Women
(Staffing: 1 D-2, 3 Professional and 5 GS)

4. The objectives of the International Research and Training Institute for the Advancement of Women (INSTRAW) are to assist, through research, training and collection of information, the advancement of women and their integration in the development process both as participants and beneficiaries (Economic and Social Council resolution 2003/27).

Gender units and focal points in United Nations entities

5. Specialized agencies and other entities of the United Nations system work on specific actions within their respective mandates, realign priorities and redirect resources to meet the global priorities of the Beijing Platform for Action.[16] Other international institutions and organizations, including the Bretton Woods institutions, work to ensure that investments and programmes benefit women and contribute to sustainable development. Each organization has either gender focal points or a gender unit of variable size and staffing.

6. Gender units in peacekeeping missions have been set up in 8 out of 17 peacekeeping missions to facilitate the integration of gender perspectives into the substantive work of United Nations peace support missions, advise mission leadership on gender issues and maintain liaison with women's organizations and national machineries for women.

Gender theme groups

7. United Nations country teams, led by the resident coordinators, and gender theme groups, mostly led by UNIFEM, the United Nations Children's Fund and the United Nations Population Fund, provide support to Governments of host countries as they seek to integrate gender perspectives into their policies, programmes, legislation, budgets and data-collection mechanisms through such instruments as the common country assessment, the United Nations Development Assistance Framework, poverty reduction strategy papers and the consolidated appeal process. In an increasing number of countries, United Nations gender theme groups promote

[16] Ibid., paras. 336-341.

the importance of achieving gender equality through advocacy, technical support, capacity-building, and community interventions.

Inter-agency mechanisms

8. Inter-agency mechanisms are as follows:

(a) The Inter-Agency Network on Women and Gender Equality is a network of senior gender focal points in United Nations offices, specialized agencies, funds and programmes. Chaired by the Special Adviser to the Secretary-General on Gender Issues and Advancement of Women, the Network works through annual meetings and ad hoc task forces on specific priority themes. It is a forum for information exchange, collaboration and coordination on gender equality issues, in particular on gender mainstreaming, across the United Nations system. As well as contributing to intergovernmental processes, the Network has developed a variety of tools and methodologies to strengthen the operational work of the United Nations system. The reports of the annual meetings of the Network are transmitted to the United Nations System Chief Executives Board for Coordination;

(b) Since April 2006, the two high-level committees of the United Nations System Chief Executives Board for Coordination, on programme and management, respectively, have been closely involved in discussions on a system-wide policy and strategy for gender mainstreaming prepared by the Office of the Special Adviser on Gender Issues in cooperation with the Inter-Agency Network on Women and Gender Equality. Both committees endorsed the proposed system-wide policy and strategy for gender mainstreaming. At its session in late 2006, the Chief Executives Board approved the system-wide policy and strategy;

(c) The United Nations Development Group's Task Force on Gender Mainstreaming, chaired by UNIFEM, coordinates action among its 16 member agencies in mainstreaming gender equality and women's empowerment and ensures that these are incorporated into tools, accountability mechanisms and guidance the Group gives to United Nations country teams;

(d) Other inter-agency bodies on specific issues are supported by different entities of the system, such as girl education (United Nations Children's Fund), peace and security (the Inter-Agency Standing Committee's Task Force on Gender) and HIV/AIDS (Joint United Nations Programme on HIV/AIDS). The Executive Committee of Economic and Social Affairs has established a cluster on advancement of women to enhance coordination and coherence, which is led by the Division for the Advancement of Women.

United Nations A/61/591

General Assembly

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Agenda items 129 and 130

Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Financial and any other implications resulting from the introduction of a staff retention bonus at the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial and other implications resulting from the introduction of a staff retention bonus at the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia (A/61/522). During its consideration of the report, the Committee met with the President, the Registrar and the Chief Administrative Officer of the International Tribunal for the Former Yugoslavia and with the Deputy Prosecutor of the International Criminal Tribunal for Rwanda, as well as with other representatives of the Tribunals and representatives of the Secretary-General, who provided additional information and clarifications.

2. As stated in paragraph 9 of the report of the Secretary-General, the unique status of the Tribunals "is anchored in the fact that: (a) their mandate is temporary in nature; (b) a large proportion of their staff perform specialized functions not normally found in the United Nations system; and (c) they will both close down in

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accordance with the completion strategies". The difficulties experienced by the Tribunals in respect of their staffing situation, with high vacancy and turnover rates, is a matter of long-standing concern. The situation reached a critical point in 2004 when, inter alia, a recruitment freeze was put into effect owing to the serious financial situation of the Tribunals, caused by the non-payment of contributions. With large numbers of staff departing the Tribunals, including from senior positions, and leaving behind vacant posts that could not be filled, vacancy rates rose steeply, putting the schedule of the completion strategy at risk (see A/59/561, paras. 9-12 and annex). In view of this situation, the General Assembly requested the Secretary-General to submit proposals on ways to improve the staffing situation at the Tribunals in the context of the proposed budget for the biennium 2006-2007 and to make every effort to reduce vacancy rates and improve staff retention at the Tribunals (see resolutions 59/273 and 59/274), including by extending the contracts of staff performing functions that are central to the implementation of the completion strategy beyond the period of the current budget. In the report submitted in response to that request (A/60/436), the Secretary-General put forward a package of measures for improving staff retention at the Tribunals, some of which could be adopted within existing regulations, as well as a proposal for the establishment of a retention bonus. The Advisory Committee encouraged the Secretary-General to implement the measures within his purview and requested him to present an analysis of the financial and any other implications resulting from the introduction of a retention bonus for the staff who are required to remain with the Tribunals until their posts are no longer required (A/60/591, paras. 44-48). The report under consideration was submitted by the Secretary-General pursuant to resolutions 60/241 and 60/243, in which the General Assembly endorsed the recommendations of the Committee.

3. **The Advisory Committee notes the improvement in turnover rates (see annex I), achieved through the implementation of the following measures under the authority of the Secretary-General, and encourages the Tribunals to pursue their efforts in this regard:**

(a) Extension of the length of contracts of all staff from one year to two years;

(b) Establishment of an internal G-to-P examination;

(c) Reduction of required post incumbency from two years to one year before staff can apply for posts at a higher level;

(d) Recruitment of qualified spouses;

(e) Expansion of training options offered.

4. With respect to the completion strategy of the Tribunals, the Advisory Committee recalls that in its resolution 1503 (2003) of 13 August 2003 the Security Council called for the completion of investigations by the end of 2004, all trial activities at first instance by the end of 2008 and all work, including appeals, by 2010. This timetable was subsequently confirmed by the Council in its resolution 1534 (2004) of 26 March 2004. In their reports to the Security Council in the second quarter of 2006 (see S/2006/353 and S/2006/358), both Tribunals reported that all efforts were being made to stay within the time frame of the completion strategy insofar as possible. The Committee was informed that a new update on the progress

made towards the implementation of the completion strategy will be submitted to the Council before the end of 2006.

5. The report before the Advisory Committee is mostly general in nature, building upon the previous report of the Secretary-General on staff retention issues (A/60/436). It provides explanations of the critical importance of retaining necessary staff to ensure the continued smooth functioning of the Tribunals until the completion of their mandates, the probable impact of high turnover rates on the functioning of the Tribunals and the loss of productivity and institutional knowledge.

6. However, the report does not provide much of the detailed information on the financial and other implications resulting from the introduction of a retention bonus that the Advisory Committee had sought. The figures presented in tables 1 and 2 are based on general assumptions derived from a survey of staff. In the case of the International Criminal Tribunal for Rwanda, it is assumed that up to 70 per cent of the General Service staff will qualify for a retention bonus owing to the difficult conditions in the local labour market. **In the opinion of the Committee, these estimates should be determined more precisely, on the basis of a drawdown plan that establishes clearly the expertise, functions and posts that will be required during the foreseeable phases of the completion strategy.** In this connection, the Committee requested additional information on the numbers of staff by seniority, category and grade, which is contained in annex 2 below.

7. In its last report on this matter, the Advisory Committee indicated that it saw merit in the requirement to retain necessary staff to ensure the continued smooth functioning of the Tribunals until the completion of their mandates (A/60/591, para. 48). **It is evident to the Committee that the Tribunals need to provide incentives as a tool to allow them to retain the services of key personnel as long as they are needed by the Tribunals. In the opinion of the Committee, the current proposal of the Secretary-General is too broad and could lead to the creation of a new entitlement, which may very well be used as a precedent, despite the statement in paragraph 9 of the Secretary-General's report that the proposed bonus would apply only to the Tribunals. There could also be implications for the common system as a whole.** During its meetings with the representatives of the Secretary-General, the Committee discussed the possible use of existing staff regulations and rules for creating appropriate incentives for the staff of the Tribunals. Following those discussions, the Committee was provided with additional information indicating that a preliminary analysis showed that, were the General Assembly to so decide, it would indeed be possible to apply existing procedures, with some adaptations.

8. **In view of the above, the Advisory Committee recommends that the General Assembly, with a view to achieving the desired objective, request that the Secretary-General further explore ways and means of applying the existing Staff Regulations and Rules, including annex III thereto (which deals with termination indemnities). To this end, the Committee emphasizes the need to synchronize the timing of the implementation of any additional measures with the time frame of the completion strategy, since the issue of retention of qualified staff will become more acute as the Tribunals approach the completion of their mandate. In this connection, the Secretary-General should prepare a comprehensive proposal with the procedure to be applied, the**

decisions required of the Assembly and a clearer projection of the numbers of staff required to be retained to achieve the stated objective, taking into account the latest updated time frame of the completion strategy. The report should be submitted to the Assembly as early as possible, no later than the time of the next budget submissions of the Tribunals, for the 2008-2009 biennium.

Annex I

Turnover and vacancy rates at the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia

	Turnover rate						*Vacancy rate (percentage)*	
	2004		*2005*		*September 2006*		*September 2006*	
	Yugoslavia Tribunal	*Rwanda Tribunal*	*Yugoslavia Tribunal*	*Rwanda Tribunal*	*Yugoslavia Tribunal*	*Rwanda Tribunal*	*Yugoslavia Tribunal*	*Rwanda Tribunal*
Office of the Prosecutor								
International	65	28	26	23	16	10	4.5	16.4
Locally recruited	58	1	12	0	8	0	1.6	0.0
Total	**123**	**29**	**38**	**23**	**24**	**10**	**3.4**	**16.0**
Registry								
International	40	50	22	33	29	37	7.9	10.2
Locally recruited	82	32	45	20	22	17	2.7	8.2
Total	**122**	**82**	**67**	**53**	**51**	**54**	**4.7**	**8.4**
Overall								
International	105	78	48	56	45	47	6.4	11.5
Locally recruited	140	33	57	20	30	17	2.4	8.0
Total	**245**	**111**	**105**	**76**	**75**	**64**	**4.3**	**10.7**

Annex II

Number of Tribunal staff by years of service as at September 2006

International Criminal Tribunal for Rwanda

	Years of service													
Category	*<1*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*Total*
International	43	79	61	68	73	40	46	55	47	57	50	5	0	624
Locally recruited	13	31	7	40	17	22	27	28	32	49	43	2	0	311
Total	**56**	**110**	**68**	**108**	**90**	**62**	**73**	**83**	**79**	**106**	**93**	**7**	**0**	**935**

Weighted average 5.21925

International Tribunal for the Former Yugoslavia

	Years of service													
Category	*<1*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*Total*
International	80	65	26	38	54	44	34	32	41	9	8	18	13	462
Locally recruited	81	94	47	63	91	59	78	50	47	22	14	16	15	677
Total	**161**	**159**	**73**	**101**	**145**	**103**	**112**	**82**	**88**	**31**	**22**	**34**	**28**	**1 139**

Weighted average 4.33933

United Nations A/61/592

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Sixty-first session
Agenda item 117

Programme budget for the biennium 2006-2007

Report of the Fifth Committee

Rapporteur: Mr. Diego **Simancas** (Mexico)

I. Introduction

1. At its 2nd plenary meeting, on 13 September 2006, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-first session the item entitled "Programme budget for the biennium 2006-2007" and to allocate it to the Fifth Committee.

2. The Fifth Committee considered the question of the renovation of the residence of the Secretary-General under agenda item 117 at its 13th and 24th meetings, on 31 October and 22 November 2006. Statements and observations made in the course of the Committee's consideration of the question are reflected in the relevant summary records (A/C.5/61/SR.13 and 24).

3. For its consideration of the question, the Committee had before it the report of the Secretary-General on the renovation of the residence of the Secretary-General: revised estimates to the programme budget for the biennium 2006-2007 (A/61/377) and the related report of the Advisory Committee on Administrative and Budgetary Questions (A/61/523).

II. Consideration of draft resolution A/C.5/61/L.8

4. At its 24th meeting, on 22 November, the Committee had before it a draft resolution entitled "Renovation of the residence of the Secretary-General" (A/C.5/61/L.8), which was submitted by the Chairman on the basis of informal consultations coordinated by the representative of Côte d'Ivoire.

5. At the same meeting, the Committee adopted draft resolution A/C.5/61/L.8 without a vote (see para. 7).

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6. After the adoption of the draft resolution, statements in explanation of position were made by the representatives of South Africa (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), Finland (on behalf of the States Members of the United Nations that are members of the European Union; Bulgaria and Romania; Croatia, the former Yugoslav Republic of Macedonia and Turkey; Albania, Bosnia and Herzegovina, Montenegro and Serbia; Iceland, Liechtenstein and Norway; and Ukraine and Moldova) and the United States of America.

06-62723

III. Recommendation of the Fifth Committee

7. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Renovation of the residence of the Secretary-General

The General Assembly,

Having considered the report of the Secretary-General on the renovation of the residence of the Secretary-General: revised estimates to the programme budget for the biennium 2006-2007[1] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[2]

1. *Takes note* of the report of the Secretary-General;[1]

2. *Endorses* the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions contained in its report;[2]

3. *Regrets* that the proposal to renovate the residence of the Secretary-General was not submitted as part of the proposed programme budget for the biennium 2006-2007;

4. *Approves* the renovation of the residence of the Secretary-General;

5. *Authorizes* the Secretary-General to enter into commitments up to an amount of $4,490,400 under the programme budget for the biennium 2006-2007, comprising $202,500 under section 1, Overall policymaking, direction and coordination, and $4,287,900 under section 32, Construction, alteration, improvement and major maintenance, and to report on expenditures in the context of the second performance report for the biennium 2006-2007;

6. *Requests* the Secretary-General to ensure, to the extent possible, that activities approved under section 32 of the programme budget for the biennium 2006-2007 are completed within the envisaged time schedule;

7. *Also requests* the Secretary-General to ensure that procurement processes related to the project are conducted in a transparent manner and in full compliance with its relevant resolutions on procurement reform;

8. *Further requests* the Secretary-General to ensure that targeted mitigation measures are put in place pursuant to established minimum operating security standards;

9. *Requests* the Secretary-General to expedite the action referred to in paragraph 2 of the report of the Advisory Committee.

[1] A/61/377.
[2] A/61/523.

United Nations A/61/593

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Agenda item 117
Programme budget for the biennium 2006-2007

First performance report on the programme budget for the biennium 2006-2007

Report of the Secretary-General*

Summary

The present report identifies adjustments in the level of appropriations required as a result of variations in costing parameters assumed at the time of the initial appropriation, unforeseen and extraordinary items and additional mandates that are best dealt with in the context of the present report under the arrangements endorsed by the General Assembly at its thirty-second session.

The revised requirements under the expenditure sections amount to $3,911.2 million, an increase of $81.2 million vis-à-vis the appropriation level approved by the end of July 2006 as a result of various resolutions of the General Assembly during the course of its resumed sixtieth session (or $112.3 million more than the initial appropriation approved in December 2005). The revised estimate under the income sections amounts to $463.7 million, an increase of $28.9 million. Consequently, net requirements amount to $3,447.4 million, an increase of $52.4 million.

* The present report is being issued at this time to reflect the latest data available.

06-63773 (E) 071206

I. Introduction

1. The primary purpose of the first performance report, which is submitted in the first year of each biennium, is to identify adjustments required because of variations in the rates of inflation and exchange and in standards assumed in the calculation of the initial appropriations. This is in conformity with the recommendation of the Advisory Committee on Administrative and Budgetary Questions,[1] which was endorsed by the General Assembly at its thirty-second session.

2. The performance report also takes into account additional mandates approved by the General Assembly and the Security Council after the approval of the budget appropriation, unforeseen and extraordinary items that could not be deferred to the second year of the biennium and decisions of policymaking organs that are best dealt with in the context of the performance report.

3. A summary of the increased net requirements, totalling $3,447.4 million, follows:

(Thousands of United States dollars)

			Increase	
	Appropriation[a]	*Revised estimate*	*Amount*	*Percentage*
Expenditure	3 829 916.2	3 911 163.0	81 246.8	2.1
Income	434 860.1	463 717.9	28 857.8	6.6
Net requirements	3 395 056.1	3 447 445.1	52 389.0	1.5

[a] See resolutions 60/247 A and B, 60/281 and 60/283.

4. An explanation of the variations in the costing parameters assumed in the calculation of the initial appropriations is provided in section II, parts C to F, below. In addition, the following schedules and annexes provide the costing parameters used in the initial appropriation, the proposed revisions for the biennium 2006-2007 and their effect on budget sections, duty stations and major objects of expenditure:

(a) Schedule 1 contains the rates of exchange and inflation used in the initial appropriations for the biennium 2006-2007 and the rates now proposed in the present report;

(b) Schedule 2 contains information on the post adjustment multipliers used to calculate salaries for staff in the Professional and higher categories used in the initial appropriation, the actual post adjustment multipliers for 2006 promulgated by the International Civil Service Commission and the revised rates now proposed for 2007;

(c) Schedule 3 contains the actual United Nations operational rates of exchange against the United States dollar in effect at the various duty stations for the first 11 months of 2006;

(d) Schedule 4 contains information on the cost-of-living adjustments for staff in the General Service and related categories assumed in calculating the initial

[1] See *Official Records of the General Assembly, Thirty-second Session, Supplement No. 8* and corrigendum (A/32/8 and Corr.1).

appropriation for the biennium 2006-2007, the adjustments actually effected in 2006 and revised assumptions for 2007;

(e) Annex I.A contains projected changes in the budget estimates by budget section and main determining factor;

(f) Annex I.B contains estimated additional requirements by duty station and main determining factor;

(g) Annex II contains the estimated increases or decreases in requirements by budget section and main object of expenditure;

(h) Annex III contains estimated increases or decreases in requirements for jointly financed activities and inter-organizational security measures by main determining factor;

(i) Annex IV contains the status of expenditures incurred under the regular budget for the biennium 2006-2007 as at 30 September 2006.

II. Expenditure sections

5. The changes required as a result of the factors mentioned above would yield an increase in expenditure of $81,246,800, for a total of $3,911,163,000 for the biennium. Details are as follows:

(Thousands of United States dollars)

Initial appropriation	3 798 912.5	General Assembly resolution 60/247 A
Additional appropriation	26 443.3	General Assembly resolution 60/281
Additional appropriation	4 560.4	General Assembly resolution 60/283
Programme budget appropriation:	3 829 916.2	
(a) Unforeseen and extraordinary expenses	4 966.4	In respect of peace and security, the International Court of Justice and inter-organizational security measures in accordance with resolution 60/249
(b) Decisions of policymaking organs	9 582.0	
(c) Variations in budgetary assumptions		
Changes in exchange rates	55 135.8	Based on United Nations operational rates of exchange
Changes in inflation assumptions	18 738.1	Based on consumer price indices, post adjustment multipliers promulgated and actual versus budgeted cost-of-living adjustments
Adjustments to standard costs	(7 210.6)	Based on analysis of actual payroll data, common staff costs and staff assessment provisions
(d) Other	35.1	Reclassification of the Chief, Procurement Service
Revised total	**3 911 163.0**	

6. In the context of the current session of the General Assembly, the Secretary-General has issued or is about to issue revised estimates and statements of programme budget implications in response to draft resolutions considered by the Main Committees. These amounts are being handled outside the first performance report but will be revised to reflect the costing parameters approved by the Assembly in the context of its consideration of the present report and, subject to the decisions of the Assembly, will affect the level of the revised appropriation.

A. Unforeseen and extraordinary expenses (increase: $4,966,400)

7. Under the terms of General Assembly resolution 60/249, the Secretary-General is authorized, with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions, to enter into commitments to meet unforeseen and extraordinary expenses, provided that the concurrence of the Advisory Committee shall not be necessary for such commitments not exceeding a total of $8 million in any one year as the Secretary-General certifies relate to the maintenance of peace and security; such commitments as the President of the International Court of Justice certifies relate to expenses occasioned by a number of situations in the Court as prescribed in paragraph 1 (b) of the resolution; and such commitments not exceeding a total of $1 million as the Secretary-General certifies are required for security measures.

8. Under the provisions of the resolution, commitments in the amount of $4,966,400 have been entered into as follows:

(a) Commitments certified by the Secretary-General as relating to the maintenance of peace and security ($4,376,400);

(b) Commitments certified by the President of the International Court of Justice as relating to unforeseen expenses in respect of the Court ($590,000).

9. Those expenses relate to budget sections 1, 3, 7 and 23, as set out below.

1. Maintenance of peace and security ($4,376,400)

(United States dollars)

Section 1. Overall policymaking, direction and coordination	
Special Adviser of the Secretary-General on peace and policy matters relating to his good offices	494 300
International Conference on Lebanon, Rome, 25 and 26 July 2006	40 500
Special Adviser on the situation in the Middle East	250 400
Secretary-General's mission in connection with the Lebanon crisis	130 000
Subtotal	**915 200**
Section 3. Political affairs	
Special Adviser of the Secretary-General on the territorial dispute between Equatorial Guinea and Gabon	610 500
United Nations assessment mission to Nepal	65 700

Follow-up Committee established by the Greentree Agreement concerning the withdrawal and transfer of authority in the Bakassi peninsula	260 800
Special Envoy of the Secretary-General for the Lord's Resistance Army Areas	198 100
Personal Representative of the Secretary-General in Nepal for Support to the Peace Process	1 255 700
Special Envoy of the Secretary-General for the Gambia	50 500
Subtotal	**2 441 000**
Section 23. Human rights	
Independent Special Commission of Inquiry for Timor-Leste	1 020 200
Subtotal	**1 020 200**
Total, maintenance of peace and security	**4 376 400**

2. Unforeseen expenses relating to the International Court of Justice ($590,000)

Section 7. International Court of Justice ($590,000)

10. Pursuant to the provisions of paragraph 1 (b) (i) and (iv) of General Assembly resolution 60/249 on unforeseen and extraordinary expenses for the biennium 2006-2007 and in accordance with the Statute of the International Court of Justice, commitments were entered into for additional requirements that arose in 2006 with respect to the payment of pensions, travel and removal expenses of retiring judges and travel and removal expenses and installation grant of members of the Court for the following cases:

(United States dollars)

Designation of ad hoc judges	
Application of the Convention on the Prevention and Punishment of the Crime of Genocide (Bosnia and Herzegovina v. Serbia and Montenegro)	150 000
Case concerning Ahmadou Sadio Diallo (Guinea v. Democratic Republic of the Congo)	30 000
Pensions, travel and removal expenses of retiring judges and installation grant	410 000
Total	**590 000**

B. Decisions of policymaking organs (increase: $9,582,000)

1. Human Rights Council ($4,374,100)

Section 2. General Assembly and Economic and Social Council affairs and conference management ($4,064,500)
Section 23. Human rights ($264,200)
Section 35. Staff assessment ($45,400)

11. At its 40th meeting, on 15 March 2006, the Fifth Committee decided to inform the General Assembly that, should it adopt draft resolution A/60/L.48, entitled "Human Rights Council", there would be a need for an additional appropriation of $4,328,700 (net) in the biennium 2006-2007 (A/60/721, para. 4). Appropriations related to the adoption of resolution 60/251, by which the Assembly decided to establish the Human Rights Council, are requested under section 2, General Assembly and Economic and Social Council affairs and conference management ($4,064,500), section 23, Human rights ($264,200), and section 35, Staff assessment ($45,400), the latter to be offset by an equal amount under income section 1, Income from staff assessment.

2. Additional office accommodation in Geneva for the Office of the United Nations High Commissioner for Human Rights ($5,207,900)

Section 28E. Administration, Geneva ($2,191,500)
Section 32. Construction, alteration, improvement and major maintenance ($1,592,800)
Section 33. Safety and security ($1,191,600)
Section 35. Staff assessment ($232,000)

12. The Secretary-General provided information on and sought approval of the General Assembly for the proposed arrangements and related additional resource requirements in respect of supplementary office accommodation for the Office of the United Nations High Commissioner for Human Rights (OHCHR) in Geneva (see A/60/899). Those arrangements addressed the acute shortage of office space that had developed due, in part, to the addition of 73 new posts for OHCHR in Geneva for the biennium 2006-2007, comprising 71 posts authorized by the Assembly in its resolution 60/246 and 2 additional new posts, to support the work of the Human Rights Council, authorized in resolution 60/251.

13. In paragraph 10 of the report, the Secretary-General set out the salient terms and conditions of the draft lease agreement, which would be concluded subject to the decision of the General Assembly. By its decision 60/562, the Assembly authorized the Secretary-General to enter into commitments comprising $2,191,500 under section 28E, Administration, Geneva; $1,592,800 under section 32, Construction, alteration, improvement and major maintenance; $1,191,600 under section 33, Safety and security; and $232,000 under section 35, Staff assessment, to be offset by an equal amount under income section 1, Income from staff assessment. Pursuant to decision 60/562, the lease agreement has been concluded consistent with the arrangements set out in the report of the Secretary-General. Accordingly, the required amounts are proposed for appropriation under the related sections of the programme budget for the biennium 2006-2007.

C. Changes in exchange rates (increase: $55,135,800)

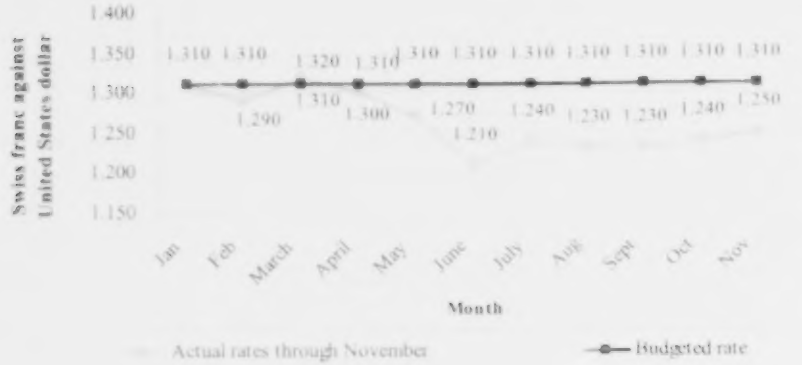
14. The basis for recosting can be either the average operational rates of exchange experienced thus far in the biennium (the averaging method) or the operational rates in effect at the time of recosting (the latest rate). It will be recalled that, in its report on the accounts of the United Nations for the biennium ended 31 December 1995, the Board of Auditors recommended that budgetary assumptions relating to operational exchange rates be based on an averaging method instead of the latest available exchange rates.[2] The Secretary-General had indicated that it would not be advisable to predetermine whether the averaging method or the latest month should be used for budget forecasting and recosting and that such a decision should be taken at the time of each recosting. This was reported to the General Assembly and agreed to by the Advisory Committee on Administrative and Budgetary Questions,[3] which indicated that the Secretary-General should use such rates as would allow for the lowest estimates. In the present performance report, the exchange rate realized from January to November 2006 has been applied to 2006 and the November rate has been applied to December 2006. For 2007, either the average operational rates of exchange experienced thus far in the biennium (the averaging method) or the November rate (the latest rate) has been applied for each duty station so as to allow for the lowest estimate for each duty station in respect of requirements for the related currency. Adjustments resulting from actual experience in 2007 would be implemented in the second performance report.

15. The increase of $55.1 million reflects the general weakening of the United States dollar in a number of operational rates experienced during the year to date as compared with those foreseen in the initial appropriation. The average rate experienced for 2006 based on January to November actual rates in respect of the Swiss franc was SWF 1.262 to the dollar, compared with an assumption of SWF 1.310 used in the initial appropriation. For 2007, the average rate of SWF 1.262 experienced for 2006 has been used in the performance report. This change has resulted in an increased requirement of $27.8 million. Figure I reflects the experience of the Swiss franc against the dollar from January to November 2006.

[2] Ibid., *Fifty-first Session, Supplement No. 5* (A/51/5), vol. I and corrigendum (A/51/5/Corr.1), chap. II, para. 110.

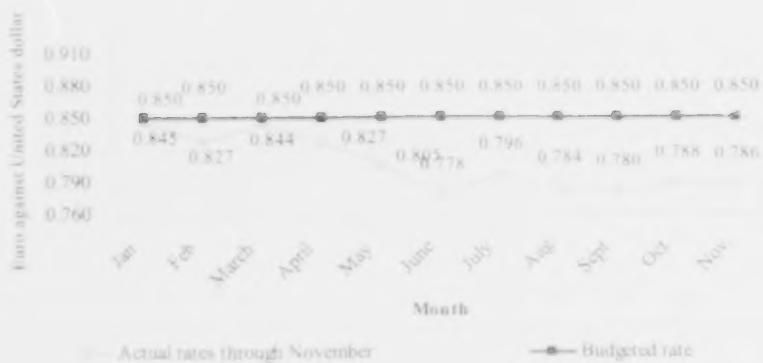
[3] Ibid., *Supplement No. 7* (A/51/7/Add.1-9), document A/51/7/Add.6, para. 5.

Figure 1
Performance of the Swiss franc against the United States dollar, 2006



16. With respect to the euro, the realized 2006 average is €0.804 to the dollar, compared with an assumption of €0.850 used in the initial appropriation. For 2007, the realized 2006 average of €0.804 has been used in the performance report, which has resulted in an increase of $9.3 million. Figure 2 reflects the experience of the euro during the period from January to November 2006.

Figure 2
Performance of the euro against the United States dollar, 2006



17. In addition to the adjustments required for the Swiss franc and the euro, significant increased requirements also relate to the Thai baht ($5.6 million), the Chilean peso ($5.2 million), the shekel ($4.5 million) and the Kenya shilling ($3.3 million), while a net reduction of approximately $0.6 million applies to all other currencies combined. Details regarding operational rates at all duty stations are included in schedules 1 and 3. The schedules provide the actual operational rates through November 2006, the rate used in the initial appropriation and the rate used in the present report. Adjustments resulting from actual experience in 2007 will be reflected in the second performance report.

D. Inflation (increase: $18,738,100)

18. Schedules 1, 2 and 4 reflect revised inflation rates that affect all objects of expenditure. These are based on post adjustment multipliers that have been promulgated and the latest available information on consumer price indices and actual versus budgeted cost-of-living adjustments.

19. Revised post adjustment multipliers used in the present report take into account updated cost-of-living information, including place-to-place surveys carried out or implemented subsequent to the approval of the programme budget for the biennium 2006-2007 in December 2005. Multiplier changes include adjustments for Addis Ababa, Geneva and New York, resulting in related requirements of $2.2 million, $4.5 million and $2.7 million respectively. These amounts are offset by net downward revisions of $3.3 million for other duty stations. Post adjustment multipliers applicable to the Professional and higher categories for all duty stations are contained in schedule 2. Total requirements due to adjustments for inflation related to Professional posts across all duty stations amount to $6,123,300.

20. With regard to the General Service and related categories, the revised requirements reflect actual cost-of-living adjustments experienced in 2006 and projections for 2007 based on the latest available information. The total requirements of $591,100 reflect adjustments across all duty stations, as set out in schedule 4.

21. With regard to non-post objects of expenditure, the revised rates mainly reflect offsetting adjustments across the majority of duty stations. Revised rates applicable to non-post objects of expenditure in Addis Ababa require an adjustment of $2.2 million, reflecting inflationary pressure driven largely by increases in local fuel prices. An amount of $3.0 million relates to revised rates for security field offices and for the United Nations share of provisions for jointly financed security activities based on current percentage shares among organizations. A net increase in inflation requirements of $7,158,300 relates to all non-post objects of expenditure across all duty stations.

22. The total additional appropriation arising as a result of inflationary pressure across all objects of expenditure amounts to $18,738,100, including staff assessment requirements of $4,865,400, which would be offset by an equivalent increase in income from staff assessment under income section 1.

23. The General Assembly currently has before it for its consideration a report of the Secretary-General on conditions of service and compensation for the members of the International Court of Justice, the judges of the International Criminal

Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia and the ad litem judges (A/61/554). In response to General Assembly resolution 59/282, that report sets out proposals relating to increases in: (a) the annual salary of the judges; (b) the special allowance of the President and Vice-President when acting as President; (c) education costs; and (d) pension payments in respect of former judges of the International Court of Justice and the judges of the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda. The financial implications arising from those proposals in respect of the International Court of Justice would amount to $552,100 for the biennium 2006-2007, as indicated in table 3 of that report. Subject to action to be taken by the Assembly at the main part of its sixty-first session on the proposals, any resulting additional requirements would be reflected in the revised appropriation for the biennium 2006-2007.

E. Adjustments to standard costs (decrease: $7,210,600)

24. Adjustments to standard costs reflect the net effect of changes in standard salary costs, common staff costs and staff assessment rates. Revisions to standard salary costs for 2006 are based on the actual averages experienced thus far in the biennium, by category and level, at each duty station. Projections for 2007 are based on the trends experienced in 2006. A net decrease of $2.9 million reflects average net base salary costs that are slightly lower than had been projected in the initial appropriation.

25. Common staff costs are budgeted as a percentage of net salaries for each duty station. Expenditures under common staff costs relate to allowances and benefits, appointments, transfers and separation of staff. These relate to actual payroll experience for all duty stations during the biennium 2004-2005. Recommendations of the International Civil Service Commission with regard to hazard pay and education grant have been absorbed within these overall adjustments, consistent with established practice in this regard. A net decrease of $4.3 million relating to adjustments to the rates of common staff costs with respect to all duty stations is anticipated.

26. The adjustments to standard costs indicated above include staff assessment changes resulting in a decrease in expenditures of $503,500, offset by an equivalent decrease in related income from staff assessment incorporated within the changes shown under income section 1.

F. Vacancies

27. Vacancy rates of 4.9 per cent and 1.5 per cent were approved by the General Assembly for Professional and General Service posts respectively, based on the methodology utilized in the proposed programme budget for the biennium 2006-2007. The application of these rates to continuing posts, together with the rates applied to new posts (50 per cent for Professional posts and 35 per cent for General Service posts), results in effective budgeted rates of 6.7 per cent and 1.6 per cent for those categories respectively. Although the overall realized average vacancy rates can be known only at the end of the biennium, the experience to date reflects realized vacancy rates of 6.9 per cent for Professional posts and 3.6 per cent for

General Service posts. While vacancy rates realized to date slightly exceed those budgeted, a month-by-month analysis reflects a steady downward trend in both categories during 2006. Professional vacancy rates have trended downward, decreasing from 7.6 per cent in January to 6.1 per cent in September. General Service vacancy rates have also trended downward, declining from 3.9 per cent in January to 3.4 per cent in September. Given the downward trend, and taking into account the experience of previous bienniums, a further reduction in realized vacancy rates is to be expected over the course of the second year of the biennium. Should this materialize, overall realized vacancy rates for the biennium may prove to be below those budgeted. This could result in expenditure requirements for posts exceeding budgeted provisions. No adjustment for vacancy rates has been made in the present report. Consequently, the situation will continue to be monitored and will be reported in the context of the second performance report.

G. Other issues

28. In this section, specific issues raised in General Assembly resolutions and matters raised in accordance with established practices and procedures are addressed.

Procurement

29. The Secretary-General has indicated his intention to reclassify the D-1 Chief of Procurement post to the D-2 level, with the related amounts to be reported in the context of the first performance report (see A/60/846/Add.5 and Corr.1). It was reported that the reclassification was necessary to provide the appropriate level of executive direction and management and, given the high volume and value of current procurement activities and their complexity, the position demands the management expertise and direction of a Director at the D-2 level. The incumbent is responsible for the strategic management of United Nations procurement operations and is also required to consult and participate in high-level negotiations with other United Nations organizations and relevant private entities, such as vendors and suppliers. Accordingly, the present report includes the reclassification of the D-1 post to the D-2 level with the related amounts reported under section 28D, Office of Central Support Services ($28,900), and section 35, Staff assessment ($6,200).

30. Attention is also drawn to paragraph 271 of the budget for the support account for peacekeeping operations for the period from 1 July 2006 to 30 June 2007 (A/60/727), in which it was indicated that, pursuant to the recommendation of the Office of Internal Oversight Services (A/58/294), the secretariat of the Headquarters Committee on Contracts would be transferred from the Office of Central Support Services to the Office of the Under-Secretary-General for Management. This adjustment was aimed at better safeguarding the independence of the Committee's function. In line with action taken to approve general temporary assistance under the peacekeeping support account for the Headquarters Committee on Contracts in the Office of the Under-Secretary-General for Management, and to ensure consistency, the related regular budget resources are similarly proposed for transfer from section 28D, Office of Central Support Services, to section 28A, Office of the Under-Secretary-General for Management. The secretariat of the Headquarters Committee on Contracts, which also services the Headquarters Property Survey Board, consists of the Chairman (P-5), the Secretary (P-3) and two General Service (Other level)

staff members which are funded from the regular budget. The transfer of those posts, together with related non-post provisions (overtime, communications, maintenance of office equipment and supplies), results in a transfer of $960,600 from section 28D, to section 28A of the programme budget for 2006-2007.

Redeployment of posts

31. In paragraph 14 of its resolution 58/270, the General Assembly requested the Secretary-General, during the course of the programme budget for the biennium 2004-2005, to commence, on an experimental basis, with the redeployment of posts as necessary to meet the evolving needs of the Organization in attaining its mandated programmes and activities, in accordance with a number of principles set out in the same resolution. Pursuant to paragraph 17 of the resolution, a comprehensive report on the progress of and lessons learned from the redeployment experiment was submitted to the Assembly in December 2005 (A/60/572/Add.3).

32. By paragraph 7 of its resolution 60/246, the General Assembly decided to extend for the biennium 2006-2007 the experiment approved under paragraph 14 of its resolution 58/270, and requested the Secretary-General to report to it at its sixty-first session on the implementation of the experiment. By paragraph 8 of the same resolution, the Assembly requested the Secretary-General to utilize those arrangements to identify available posts to provide for the new post requests referred to in paragraphs IV.2, IV.28 and IV.29 of the first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2006-2007,[4] as well as in paragraph 5 of the second report of the Advisory Committee on the proposed programme budget (A/60/7/Add.1). These relate to one P-3 post for the Department of Economic and Social Affairs, one P-3 post and two P-2 posts for the United Nations Conference on Trade and Development and three D-1 posts to head branch offices (in Geneva, Vienna and Nairobi) of the Office of the Ombudsman.

33. No new redeployments between sections have been effected in the biennium 2006-2007. However, five posts redeployed during the biennium 2004-2005 were identified as needing to be taken into account in setting the initial staffing table for the biennium 2006-2007 (see A/60/572/Add.3). Those particular redeployments were effected after the preparation of the proposed programme budget for the biennium 2006-2007. In order to properly reflect, under the related sections, the redeployments, which were previously reported in the second performance report (A/60/572 and Add.3), they are taken into account in the present report. As detailed previously (see A/60/572/Add.3, para. 9 and annex), the redeployments consisted of the following:

(a) One P-5 post and one P-3 post were redeployed from the secretariat of the Executive Committee on Peace and Security, Department of Political Affairs, and the General Legal Division, Office of Legal Affairs, respectively, to establish the secretariat of the Policy and Management Committees. Both committees were established in 2005, with the Policy Committee focusing on issues requiring strategic guidance and decisions and the identification of emerging issues and the Management Committee dealing with internal reform and management-related issues;

[4] Ibid., *Sixtieth Session, Supplement No. 7* and corrigendum (A/60/7 and Corr.1).

(b) Two P-2 posts were redeployed from the Office of Central Support Services (Information and Technology Services Division and Facilities and Commercial Services Division) to strengthen mediation capacity in each of the two Africa Divisions in the Department of Political Affairs;

(c) One P-3 post was redeployed from the Office of Human Resources Management to the Department of Public Information to carry out the function of Intranet Content Editor within a dedicated unit focused on the revamping of i-Seek.

34. Accordingly, editorial responsibilities for the Secretariat News were transferred to the Department of Public Information. The redeployments are summarized as follows:

Receiving budget section	*P-5*	*P-3*	*P-2*	*Total*	*Releasing section*
1. Overall policymaking, direction and coordination	1	—	—	1	3. Political affairs
	—	1	—	1	8. Legal affairs
3. Political affairs	—	—	2	2	28D. Office of Central Support Services
27. Public information	—	1	—	1	28C. Office of Human Resources Management
Total	**1**	**2**	**2**	**5**	

35. As a result of the redeployments described above, adjustments to resources budgeted for the related sections, which overall net to zero, are as follows:

Budget section	*Thousands of United States dollars*
1. Overall policymaking, direction and coordination	640.6
3. Political affairs	49.3
8. Legal affairs	(264.9)
27. Public information	264.9
28C. Office of Human Resources Management	(264.9)
28D. Office of Central Support Services	(425.0)
Total	—

36. The posts referred to in paragraph 8 of resolution 60/246 have been provided for, where possible, in accordance with the terms governing the experiment. In paragraph 14 (g) of its resolution 58/270, the General Assembly specified that redeployment between sections should be carried out only after all possibilities of using resources available within budget sections that would benefit from the transfer had been exhaustively explored. Accordingly, internal redeployments have been effected within the authorized staffing tables for the United Nations Conference on Trade and Development and the Department of Economic and Social Affairs to provide for the related functions and activities during the current biennium. Regarding the three D-1 posts for branch offices of the Ombudsman, it has not been possible to identify posts at that level that could be redeployed from within the same

budget section or from other budget sections. While some capacity exists for the provision of the required General Service support on a temporary basis, vacancy rates at the D-1 level have been well below the overall averages for Professional posts, thereby impeding efforts to establish the branch offices. In accordance with resolution 60/283, in which the Assembly called for the expeditious implementation of paragraph 8 of resolution 60/246, it is expected that those arrangements will be reviewed in the context of the ongoing formulation of budget proposals for the biennium 2008-2009 and, as applicable, the ongoing review of the United Nations system of administration of justice.

37. Also in its resolution 60/283, the General Assembly recalled paragraph 14 of its resolution 58/270 and paragraph 7 of its resolution 60/246 and decided that the experiment would not be extended beyond the current biennium and requested the Secretary-General to report to it at its sixty-second session on the results of the experiment as well as lessons learned that could be applied to the newly authorized experiment for the exercise of limited discretion for budgetary implementation. Accordingly, a final report on the post redeployment experiment will be submitted to the Assembly at its sixty-second session.

Limited discretion for budgetary implementation

38. In section III, paragraph 6, of its resolution 60/283, the General Assembly authorized the Secretary-General, on an experimental basis, limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, to enter into commitments for up to $20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. Paragraphs 7 and 8 cover financing and principles for the implementation of the authorization, and paragraph 9 contains a request that the Secretary-General report to the Assembly, through the Advisory Committee on Administrative and Budgetary Questions, in the context of the performance reports, on the utilization of all commitments made in the context of the experiment.

39. Since the granting of such authorization by the General Assembly in July 2006, work has been carried out within the Secretariat to establish criteria for defining evolving needs consistent with the principles set out in resolution 60/283. No commitments have been made in the context of the experiment at this stage. Further information related to the implementation of the authorization will be reported in the second performance report for the current biennium.

Economic Commission for Europe

40. At its annual session in February 2004, the Economic Commission for Europe (ECE) decided to commission a comprehensive report on the state of ECE to determine what changes to its role, mandate and functions were necessary in the light of changes in the European institutional architecture. In July 2005, on the basis of an external evaluation on the state of ECE issued at the end of June, the States members of the Commission decided to launch a negotiating process on ECE reform. For this purpose, an open-ended negotiating committee, which met regularly from 20 September to 22 November 2005, was established. The committee successfully concluded its work by adopting a workplan on ECE reform based on

the recommendations on its role, mandate and functions reflected in the report on the state of ECE (decision E/ECE/1434/Rev.1).

41. In its resolution 60/248, the General Assembly welcomed the workplan on reform of ECE adopted by the Commission, decided that the Commission should implement the adopted measures outlined in its decision and, to that end, requested the Secretary-General to allocate the requisite resources within section 19, Economic development in Europe, of the proposed programme budget for the biennium 2006-2007. Pursuant to the recommendations of the Commission, as subsequently endorsed by the Economic and Social Council, the Secretariat has revised the programme of work of the Commission for the biennium 2006-2007 and has redistributed the resources approved for that biennium among the new subprogrammes. Programmatic adjustments were also proposed in the report of the Secretary-General on revisions to the biennial programme plan for 2006-2007 (A/61/125), which was before the Committee for Programme and Coordination at its forty-sixth session.[5] The redistribution of resources is within the level of resources approved by the General Assembly at its sixtieth session under section 19, Economic development in Europe, of the programme budget for the biennium 2006-2007.

Economic Commission for Africa

42. The Secretary-General informed the General Assembly of revisions to the biennial programme plan for programme 14, Economic and social development in Africa, relating to establishment of a new subprogramme on statistics (subprogramme 9) (see ibid.). The revision is the result of the adoption of both resolution 844 (XXXIX) of the Economic Commission for Africa (ECA) on repositioning ECA to better respond to Africa's priorities and, in particular, the ministerial statement by the ECA Conference of African Ministers in 2006, which stressed the urgent need for the Commission to enhance the institutional capacities of African countries to collect, compile and use quality statistics for improved economic management. The revision also caused a shift of expected accomplishment (b) and indicator of achievement (b) of subprogramme 1 to the new subprogramme 9, which was recommended to the Assembly for approval by the Committee for Programme and Coordination at its forty-sixth session.[5] Moreover, in its resolution 60/235, the General Assembly requested the Secretary-General to submit to it at its sixty-first session a comprehensive plan of action to strengthen the subregional offices of ECA based on the recommendations of the Office of Internal Oversight Services contained in its report on its inspection of the programmes and administrative management of those offices (A/60/120). In response, the Secretary-General submitted a comprehensive action plan (A/61/471) in which he proposed the redeployment of existing posts and indicated that efforts would be made during the biennium 2006-2007 to redeploy non-post resources to the subregional offices; as a potential increase of posts would be determined in the context of the proposed programme budget for the biennium 2008-2009.

43. Pursuant to the recommendation of the Committee for Programme and Coordination in paragraph 211 of its report[5] on the revisions to programme 14 and the proposals of the Secretary-General in his comprehensive plan of action (A/61/471), the Secretariat proposes the redistribution of resources under section 17,

[5] See ibid., *Sixty-first Session, Supplement No. 16* (A/61/16).

Economic development in Africa, of the programme budget for the biennium 2006-2007 within the level of the appropriation approved by the General Assembly at its sixtieth session for that section.

I Summary

44. On the basis of the elements described in the present report, the revised level of resources requested for appropriation for the biennium 2006-2007 would be $3,911,163,000.

III. Income sections

Income section 1. Income from staff assessment

45. The changes described under the expenditure sections above and income section 3 below would result in an increase in income from staff assessment of $8,895,800.

Income section 2. General income

46. The increase in general income of $20,774,400 results from the combined effect of an increase of $298,100 due to recosting and an increase of $20,476,300 in interest income projections for the biennium 2006-2007. This significant adjustment in interest income results from the combined effect of the continued upward movement in interest rates experienced since late 2005, an increase in average cash balances and a policy change relating to the distribution of interest income among headquarters funds.

Income section 3. Services to the public

47. The decrease of $812,400 in net income under services to the public results from an estimated increase of $656,600 in total expenditures due to the application of updated costing parameters and a downward revision in estimated revenues of $155,800. The revised revenues are a reflection of lower than anticipated sales of publications and reduced postal administration sales, partially offset by higher sales of services to visitors. While the present report includes required revisions to revenue estimates, actual experience to date also reflects expenditure below budgeted levels, which will be taken into account and reported in the context of the second performance report in accordance with existing practice.

48. In General Assembly resolution 60/248, the Secretary-General was requested to organize a guided tour operation at the United Nations Office at Nairobi and to report thereon in the context of the budget performance reports. Owing to a number of ongoing construction projects and related security enhancements at the United Nations complex in Nairobi, the guided tour operations have not yet commenced. It is anticipated that the guided tour operations will be implemented after the completion of the construction projects.

Summary

49. On the basis of the elements described above, the revised estimated income for the biennium 2006-2007 would be $463,717,900, as summarized below:

(Thousands of United States dollars)

Budget section	Income estimates[7]	Projected change	Revised estimate
Income section 1	409 239.7	8 895.8	418 135.5
Income section 2	20 867.0	20 774.4	41 641.4
Income section 3	4 753.4	(812.4)	3 941.0
Total	**434 860.1**	**28 857.8**	**463 717.9**

[7] Resolutions 60/247 B, 60/281 and 60/283.

IV. Action requested of the General Assembly

50. The General Assembly is requested to revise the appropriation for the biennium 2006-2007 as set out in paragraph 44 above and the related income estimates as set out in paragraph 49 above.

Schedule 1

Rates of exchange relative to the United States dollar and inflation included in the initial appropriation for the biennium 2006-2007 and in the present report, by main duty station

	Rates of exchange			Rates of inflation applicable to non-post objects of expenditure (percentage)			
		Performance report		Initial appropriation		Performance report	
Main duty station (currency)	Initial appropriation	2006[a]	2007[a]	2006	2007	2006	2007
Vienna (euro)	0.850	0.804	0.804	2.2	1.9	1.6	1.8
Santiago (Chilean peso)	560 250	525 750	525 750	3.7	2.8	3.7	3.0
Addis Ababa (Ethiopian birr)	8 680	8 698	8 700	7.0	5.5	10.5	8.0
UNMOGIP (rupee)	45 840	45 413	45 413	5.2	3.5	5.6	4.9
Beirut (Lebanese pound)	1 500 833	1 504 750	1 512 000	3.0	3.0	7.0	3.0
Gaza/UNRWA/UNTSO (shekel)	4 690	4 472	4 472	2.2	1.9	2.2	2.0
Nairobi (Kenya shilling)	76 141	72 743	72 743	7.0	5.5	10.5	8.0
Mexico City (Mexican peso)	10 927	10 904	10 904	3.7	3.6	3.4	3.8
The Hague (euro)	0.850	0.804	0.804	1.5	1.5	1.4	1.6
Bangkok (baht)	41 050	38 378	38 378	4.5	3.1	4.7	3.4
Port of Spain (Trinidad and Tobago dollar)	6 132	6 264	6 300	4.0	4.0	5.0	5.0
New York (United States dollar)	1 000	1 000	1 000	3.5	2.8	3.7	3.2
Geneva (Swiss franc)	1 310	1 262	1 262	1.4	1.2	1.2	1.4
United Nations information centres	1 000	1 000	1 000	3.5	2.8	3.7	3.2

[Footnotes on following page]

(Footnotes to Schedule 11)

Abbreviations: UNMOGIP, United Nations Military Observer Group in India and Pakistan; UNRWA, United Nations Relief and Works Agency for Palestine Refugees in the Near East; UNTSO, United Nations Truce Supervision Organization.

[a] Average of United Nations operational rates of exchange, with actual rates to November 2006 and November rate used for December.

[b] Based on average actual rates used from January to November 2006, with the November rate projected to December. Average 2006 rates of exchange were used except for Addis Ababa, Beirut and Port of Spain.

[c] Combined effect of inflation and exchange rate changes.

Schedule 2

Post adjustment multipliers for 2006 and 2007 applicable to staff in the Professional and higher categories

(Base city 100 = multiplier 0)

Duty station	Initial appropriation		First performance report		Monthly actual multipliers for 2006											
	2006	2007[a]	2006[a]	2007	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Vienna	139.6	142.1	150.8	149.0	140.4	143.2	140.6	147.7	155.0	156.0	152.9	155.0	155.7	154.2	154.6	154.6
Santiago	133.4	134.9	140.3	138.3	138.0	138.0	140.3	140.3	140.3	140.3	139.4	139.4	139.4	139.4	144.1	144.1
Addis Ababa	139.3	141.0	144.5	144.1	142.9	142.9	142.9	142.9	142.9	142.9	144.6	144.6	144.6	144.6	149.0	149.0
UNMOGIP	125.9	127.9	130.7	130.1	129.5	129.5	129.9	129.9	129.9	129.9	128.7	128.7	131.8	131.8	134.6	134.6
Beirut	141.2	142.7	146.1	143.4	144.9	144.9	144.9	145.4	145.4	145.4	146.2	146.2	146.2	146.2	148.5	148.5
Gaza/UNRWA/UNTSO	129.0	129.6	136.0	131.9	134.6	134.6	134.5	134.5	134.5	134.5	135.5	135.5	135.5	139.1	139.5	139.5
Nairobi	126.8	127.8	132.7	129.0	132.2	132.2	132.7	132.7	132.7	132.7	132.5	132.5	132.5	132.8	133.4	133.4
Mexico City	135.0	137.0	139.5	137.2	139.0	139.5	140.0	140.0	140.0	140.0	137.6	137.6	137.6	137.6	142.7	142.7
The Hague	136.8	138.1	147.4	144.2	139.8	142.6	140.0	142.6	149.5	150.6	147.5	149.5	150.2	152.1	152.4	152.4
Bangkok	124.2	126.2	131.3	128.9	127.2	127.2	129.3	129.3	129.3	129.3	132.5	132.5	133.6	133.6	135.6	135.6
Port of Spain	134.7	137.0	138.4	137.2	137.6	137.6	137.0	137.0	137.0	137.0	138.5	138.5	138.5	138.5	141.7	141.7
New York	160.7	163.5	164.9	161.3	163.7	163.7	163.7	163.7	163.7	163.7	163.7	163.7	163.7	167.2	167.2	167.2
Security field offices	136.2	137.2	136.6	131.7	136.6	136.6	136.6	136.6	136.6	136.6	136.6	136.6	136.6	136.6	136.6	136.6
Geneva	155.1	155.7	166.8	161.4	159.0	161.2	157.9	162.2	171.8	173.1	169.3	170.6	170.6	169.3	168.1	168.1
United Nations information centres	142.1	143.3	143.1	138.2	143.1	143.1	143.1	143.1	143.1	143.1	143.1	143.1	143.1	143.1	143.1	143.1

Abbreviations: UNMOGIP, United Nations Military Observer Group in India and Pakistan; UNRWA, United Nations Relief and Works Agency for Palestine Refugees in the Near East; UNTSO, United Nations Truce Supervision Organization.

[a] Average of actual post adjustment multipliers to November and projected multipliers for December.

Schedule 3

Rates of exchange against the United States dollar for 2006, by duty station

Duty station	Dollar equivalents	Performance (years)		Currency (percentages)		Monthly operational rates of exchange[a]											
	2006–2007	2005	2006[b]	2005	2006	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Vienna	0.806	0.804	0.804	5.35	5.13	0.841	0.817	0.843	0.827	0.805	0.778	0.796	0.784	0.790	0.798	0.796	0.796
Santiago	560 250	525 750	553 750	6.56	6.56	513 000	520 000	518 000	517 000	519 000	524 000	541 000	538 000	535 000	533 000	520 000	520 000
Addis Ababa	8.500	8.498	8.700	(10.13)	(0.23)	8.600	8.600	8.600	8.690	8.699	8.690	8.730	8.700	8.700	8.740	8.700	8.700
UNMOGIP	45.940	47.615	45.410	0.94	0.93	45.740	44.590	44.440	44.575	45.000	45.190	46.360	46.750	46.550	45.900	45.310	45.310
Beirut	1 509.835	1 568.750	1 511.000	(0.34)	(0.74)	1 501 000	1 501 000	1 501 000	1 501 000	1 499 000	1 499 000	1 499 000	1 512 000	1 511 000	1 509 000	1 512 000	1 512 000
Cairo UNRWA UNTSO	5.990	6.427	5.977	3.62	3.97	6.600	6.580	6.670	6.660	6.710	6.670	6.680	6.616	6.598	6.535	6.230	6.230
Nairobi	78.741	75.743	75.743	3.97	3.97	75.000	75.310	75.100	75.710	75.810	75.870	75.870	75.925	75.000	75.000	75.950	75.950
Monaco	0.827	0.806	0.806	2.72	2.72	0.846	0.822	0.846	0.832	0.809	0.782	0.800	0.788	0.795	0.803	0.800	0.800
The Hague	0.830	0.803	0.806	3.02	2.72	0.843	0.827	0.843	0.827	0.805	0.778	0.796	0.784	0.790	0.798	0.796	0.796
Bangkok	41.993	41.375	41.375	1.50	0.00	40.840	40.840	41.160	38.890	39.830	38.220	38.220	37.950	37.580	37.220	36.890	36.890
Port of Spain	6.315	6.364	6.300	(2.11)	(2.47)	6.200	6.260	6.260	6.310	6.350	6.350	6.350	6.275	6.270	6.250	6.300	6.300
Geneva	1.310	1.301	1.301	3.91	3.91	1.370	1.300	1.320	1.300	1.270	1.230	1.240	1.230	1.230	1.230	1.230	1.230

Abbreviations: UNMOGIP, United Nations Military Observer Group in India and Pakistan; UNRWA, United Nations Relief and Works Agency for Palestine Refugees in the Near East; UNTSO, United Nations Truce Supervision Organization.

[a] Average of United Nations operational rates of exchange with actual rates through November 2006 and November rate used for December 2006.

[b] Average 2006 rates of exchange were used except for Addis Ababa, Beirut and Port of Spain, for which the November 2006 rates were used.

Schedule 4

General Service salaries: changes in local currency terms

(Percentage)

Cost station	*Year*	*Rate of increase in initial appropriation (Previous year = 100)*	*Adjusted rates used in performance report*	*Increase (Previous scale = 100)*
Vienna	2006	2.20	1.60	1.79 (1 Apr)
	2007	1.80	1.80	
Santiago	2006	3.70	3.70	
	2007	2.80	3.00	
Addis Ababa	2006	5.00	10.50	1.60 (1 Apr)
	2007	5.50	8.00	
UNMOGIP	2006	5.20	5.60	
	2007	3.50	4.90	
Beirut	2006	3.00	7.00	
	2007	3.00	3.00	
Gaza, UNRWA, UNTSO	2006	2.20	2.20	5.70 (1 Feb)
	2007	1.90	2.00	
Nairobi	2006	7.00	10.50	
	2007	5.50	8.00	
Mexico	2006	3.70	3.40	
	2007	3.60	3.80	
The Hague	2006	1.50	1.40	
	2007	1.50	1.60	
Bangkok	2006	4.50	4.70	6.00 (1 Aug)
	2007	3.10	3.40	
Port of Spain	2006	4.00	5.00	
	2007	4.00	5.00	
New York	2006	3.50	3.70	
	2007	2.80	3.20	
Security field offices	2006	3.50	3.70	
	2007	2.80	3.20	
Geneva	2006	1.40	1.20	1.45 (1 Jan)
	2007	1.20	1.40	
United Nations information centres	2006	3.50	3.70	
	2007	2.80	3.20	

Abbreviations: UNMOGIP, United Nations Military Observer Group in India and Pakistan; UNRWA, United Nations Relief and Works Agency for Palestine Refugees in the Near East; UNTSO, United Nations Truce Supervision Organization.

Annex I

Projected changes in the budget estimates for the biennium 2006-2007

A. By budget section and main determining factor

(Thousands of United States dollars)

				Projected changes					
Expenditure section	*2006-2007 appropriation[a]*	*Unforeseen and extraordinary expenses*	*Decisions of policymaking organs*	*Exchange rate*	*Inflation*	*Adjustment to standards*	*Other[b]*	*Total changes*	*Revised estimates*
1. Overall policymaking, direction and coordination	74 959.1	915.2		320.4	372.5	(204.1)	640.6	2 044.6	77 003.7
2. General Assembly and Economic and Social Council affairs and conference management	586 776.2		4 064.5	9 450.6	3 713.3	(1 492.5)	—	15 736.3	602 512.5
3. Political affairs	451 092.6	2 441.0		560.0	190.4	(220.5)	49.3	3 020.2	454 112.8
4. Disarmament	20 381.1	—		101.5	59.8	(70.9)	—	90.4	20 471.5
5. Peacekeeping operations	94 091.0			2 196.6	245.6	117.4	—	2 579.6	96 670.6
6. Peaceful uses of outer space	5 906.8		—	304.9	25.0	(61.0)	—	268.9	6 175.7
7. International Court of Justice	34 956.9	590.0	—	1 482.7	489.1	(733.7)	—	1 828.1	36 785.0
8. Legal affairs	42 289.4	—	—	313.8	86.2	(271.5)	(264.9)	(136.4)	42 153.0
9. Economic and social affairs	157 930.9	—	—		404.8	(861.6)	—	(456.8)	157 474.1
10. Least developed countries, landlocked developing countries and small island developing States	5 056.8	—	—		15.8	(19.9)	—	(4.1)	5 052.7
11. United Nations support for the New Partnership for Africa's Development	10 791.9	—	—	(2.5)	74.3	(60.6)	—	11.2	10 803.1
12. Trade and development	111 091.6		—	3 976.3	1 255.6	829.4	—	6 061.3	117 152.9
13. International Trade Centre UNCTAD/WTO	25 915.8	—	—	985.7			—	985.7	26 901.5
14. Environment	11 977.1	—	—	483.1	(128.7)	(44.9)	—	309.5	12 286.6
15. Human settlements	17 864.5	—	—	719.6	(233.3)	(61.4)	—	424.9	18 289.4
16. International drug control, crime prevention and criminal justice	31 527.8	—	—	1 612.5	127.0	(428.9)	—	1 310.6	32 838.4
17. Economic and social development in Africa	106 011.4	—	—	(181.2)	3 060.5	(1 486.5)	—	1 392.8	107 404.2

Expenditure section	2006-2007 appropriation[a]	Unforeseen and extraordinary expenses	Decisions of policy-making organs	Proposed changes: Exchange rate	Inflation	Adjustment to standards	Other[b]	Total changes	Revised estimates
18. Economic and social development in Asia and the Pacific	71 858.1	—	—	4 423.9	(806.3)	(808.9)	—	2 806.7	74 664.8
19. Economic development in Europe	54 176.7	—	—	1 971.3	640.4	321.6	—	2 933.3	57 110.0
20. Economic and social development in Latin America and the Caribbean	94 630.4	—	—	4 198.8	(1 723.0)	73.9	—	2 549.7	97 180.1
21. Economic and social development in Western Asia	53 416.9	—	—	(251.4)	1 269.0	1 890.1	—	2 907.7	56 324.6
22. Regular programme of technical cooperation	45 622.0	—	—	544.2	715.2	—	—	1 259.4	46 881.4
23. Human rights	83 088.4	1 020.2	264.2	2 477.9	848.0	310.4	—	4 920.7	88 009.1
24. Protection of and assistance to refugees	64 645.2	—	—	2 396.3	15.0	(25.3)	—	2 386.0	67 031.2
25. Palestine refugees	35 184.8	—	—	1 591.1	(351.6)	307.0	—	1 546.5	36 731.3
26. Humanitarian assistance	26 140.5	—	—	288.6	133.7	3.2	—	425.5	26 566.0
27. Public information	177 302.5	—	—	371.7	97.9	814.8	264.9	1 549.3	178 851.8
28A. Office of the Under-Secretary-General for Management	19 053.2	—	—	—	38.4	(93.1)	960.6	905.9	19 959.1
28B. Office of Programme Planning, Budget and Accounts	33 085.4	—	—	—	59.2	(227.1)	—	(167.9)	32 917.5
28C. Office of Human Resources Management	63 345.1	—	—	—	145.7	(299.6)	(264.9)	(418.8)	62 926.7
28D. Office of Central Support Services	247 011.9	—	—	—	615.2	(1 053.6)	(1 356.7)	(1 795.1)	245 216.8
28E. Administration, Geneva	100 282.2	—	2 191.5	1 574.5	386.9	755.5	—	6 910.6	107 192.8
28F. Administration, Vienna	33 582.5	—	—	1 808.4	2.2	(96.2)	—	1 714.9	35 297.4
28G. Administration, Nairobi	18 878.6	—	—	775.3	(52.0)	43.3	—	766.6	19 645.2
29. Internal oversight	31 330.1	—	—	498.1	59.4	(342.4)	—	215.1	31 545.2
30. Jointly financed administrative activities	11 602.8	—	—	73.3	(3 884.5)	7.4	—	(3 803.6)	7 799.2
31. Special expenses	92 798.0	—	—	520.7	160.2	—	—	680.9	93 478.9
32. Construction, alteration, improvement and major maintenance	74 841.1	—	1 592.8	1 260.6	837.1	—	—	1 690.7	76 532.0
33. Safety and security	190 131.4	—	1 191.6	2 953.1	4 880.8	(3 239.1)	—	5 406.4	195 537.8

Expenditure section	2006-2007 appropriation[a]	Projected changes: Unforeseen and extraordinary expenses	Decisions of policymaking organs	Exchange rate	Inflation	Adjustment to standards	Other[b]	Total changes	Revised estimates
34 Development Account	13 954.1	—	—		26.8	—	—	26.8	13 980.9
35 Staff assessment	405 332.8		277.4	3 717.2	4 865.4	(503.5)	6.2	8 362.7	413 695.5
Total	**3 829 916.2**	**4 966.4**	**9 582.0**	**55 135.8**	**18 738.1**	**(7 210.6)**	**35.1**	**81 246.8**	**3 911 163.0**

[a] General Assembly resolutions 60/247 A, 60/281 and 60/283.

[b] Includes adjustments detailed in paragraphs 28 to 43 of the present document.

B. By duty station and main determining factor

(Thousands of United States dollars)

Duty station	2006-2007 appropriation	Projected changes							Revised estimates
		Unforeseen and extraordinary expenses	Decisions of policy-making organs	Exchange rate	Inflation	Adjustments to standards	Other[a]	Total changes	
New York	2 074 234.6	3 356.2	—	—	4 268.8	(11 982.5)	35.1	(4 322.4)	2 069 912.2
Geneva	813 758.9	1 020.2	9 582.0	27 818.3	5 798.9	6 125.2	—	50 344.6	864 103.5
Vienna	151 734.6	—	—	7 767.8	1 419.8	(1 331.4)	—	7 856.2	159 590.8
Santiago	100 197.6	—	—	5 166.3	(2 109.0)	(78.0)	—	2 979.3	103 176.9
Addis Ababa	143 171.6	—	—	(231.3)	4 394.9	(2 300.6)	—	1 863.0	145 034.6
Beirut	72 916.3	—	—	(315.8)	1 740.0	1 915.4	—	3 339.6	76 255.9
Nairobi	87 781.6	—	—	3 259.5	(119.0)	396.0	—	3 536.5	91 318.1
Bangkok	100 363.2	—	—	5 589.6	(176.6)	(849.6)	—	4 563.4	104 926.6
Other	285 757.8	590.0	—	6 081.4	3 520.3	894.9	—	11 086.6	296 844.4
Total	**3 829 916.2**	**4 966.4**	**9 582.0**	**55 135.8**	**18 738.1**	**(7 210.6)**	**35.1**	**81 246.8**	**3 911 163.0**

[a] Includes adjustments detailed in paragraphs 28 to 43 of the present document.

Annex II

Estimated increases or decreases in requirements for the biennium 2006-2007, by budget section and main object of expenditure

(Thousands of United States dollars)

Expenditure section	*Salaries and common staff costs*	*Travel*	*Printing*	*Other contractual services*	*General operating expenses*	*Supplies and materials, furniture and equipment*	*Other*	*Total increase (decrease)*
1. Overall policymaking, direction and coordination	1 615.5	329.9	1.1	18.4	11.6	7.6	60.5	2 044.6
2. General Assembly and Economic and Social Council affairs and conference management	12 165.9	1.5	0.2	172.9	137.7	240.3	3 017.8	15 736.3
3. Political affairs	1 995.9	545.0	0.2	2.7	375.1	101.3	—	3 020.2
4. Disarmament	65.2	0.6	—	0.1	0.8	1.0	22.7	90.4
5. Peacekeeping operations	2 298.7	12.0	—	0.1	198.7	70.1	—	2 579.6
6. Peaceful uses of outer space	227.9	0.6	1.6	0.9	3.0	2.5	32.4	268.9
7. International Court of Justice	1 547.7	0.4	37.3	21.8	173.3	47.6	—	1 828.1
8. Legal affairs	(163.3)	(1.5)	8.7	3.1	5.2	9.8	1.6	(136.4)
9. Economic and social affairs	(502.9)	22.5	2.5	4.6	10.3	3.2	3.0	(456.8)
10. Least developed countries, landlocked developing countries and small island developing States	(5.0)	0.5	0.1	—	0.2	0.1	—	(4.1)
11. United Nations support for the New Partnership for Africa's Development	7.6	1.4	0.9	0.6	0.3	0.4	—	11.2
12. Trade and development	5 791.7	6.0	11.1	—	91.2	96.1	65.2	6 061.3
13. International Trade Centre UNCTAD/WTO	—	—	—	—	—	—	985.7	985.7
14. Environment	281.7	0.8	—	—	20.4	6.6	—	309.5
15. Human settlements	349.1	0.7	7.8	0.8	45.1	21.4	—	424.9
16. International drug control, crime prevention and criminal justice	1 193.3	6.8	38.8	18.8	24.6	25.5	2.8	1 310.6
17. Economic and social development in Africa	495.0	5.3	34.7	110.7	418.7	319.9	8.5	1 392.8
18. Economic and social development in Asia and the Pacific	2 341.2	4.4	18.4	30.5	271.7	140.2	0.3	2 806.7
19. Economic development in Europe	2 792.1	151.0	(45.0)	96.0	(5.6)	55.2	(110.4)	2 933.3
20. Economic and social development in Latin America and the Caribbean	2 181.3	4.9	0.4	1.0	301.5	60.6	—	2 549.7
21. Economic and social development in Western Asia	2 711.1	1.8	2.6	33.2	97.7	52.3	9.0	2 907.7

Expenditure section	Salaries and common staff costs	Travel	Printing	Other contractual services	General operating expenses	Supplies and materials, furniture and equipment	Other	Total increase (decrease)
22. Regular programme of technical cooperation	1 165.1	18.4	—	0.2	4.2	3.0	68.5	1 259.4
23. Human rights	3 976.3	564.6	25.5	34.1	144.0	115.8	60.4	4 920.7
24. Protection of and assistance to refugees	28.1	—	—	—	—	—	2 357.9	2 386.0
25. Palestine refugees	1 546.5	—	—	—	—	—	—	1 546.5
26. Humanitarian assistance	368.6	3.5	0.6	8.7	13.5	3.0	27.6	425.5
27. Public information	1 390.6	7.0	4.0	71.3	41.0	32.0	3.4	1 549.3
28A. Office of the Under-Secretary-General for Management	871.3	1.1	—	7.4	21.7	4.4	—	905.9
28B. Office of Programme Planning, Budget and Accounts	(176.9)	0.6	—	5.6	1.6	1.2	—	(167.9)
28C. Office of Human Resources Management	(502.3)	1.5	0.1	76.1	3.5	2.3	—	(418.8)
28D. Office of Central Support Services	(2 371.3)	2.1	0.2	82.0	446.1	39.3	6.5	(1 795.1)
28E. Administration, Geneva	3 694.6	0.2	—	228.4	2 065.5	810.1	111.8	6 910.6
28F. Administration, Vienna	885.7	—	—	30.0	182.5	79.3	537.4	1 714.9
28G. Administration, Nairobi	437.1	—	—	25.3	251.8	52.4	—	766.6
29. Internal oversight	200.1	2.5	—	0.1	6.3	6.1	—	215.1
30. Jointly financed administrative activities	—	—	—	—	—	—	(3 803.6)	(3 803.6)
31. Special expenses	664.8	—	—	—	16.1	—	—	680.9
32. Construction, alteration, improvement and major maintenance	—	—	—	—	—	—	3 690.7	3 690.7
33. Safety and security	2 227.0	4.9	0.1	94.4	57.1	204.3	2 818.6	5 406.4
34. Development Account	—	—	—	—	—	—	26.8	26.8
35. Staff assessment	8 362.7	—	—	—	—	—	—	8 362.7
Total	**60 157.7**	**1 701.0**	**151.9**	**1 179.8**	**5 436.4**	**2 614.9**	**10 005.1**	**81 246.8**

Annex III

Estimated increases or decreases in requirements for jointly financed activities and inter-organizational security measures (gross budget) for the biennium 2006-2007, by main determining factor

(Thousands of United States dollars)

	2006-2007 appropriation	Projected changes					Revised estimates
		Unforeseen and extraordinary expenses	Exchange rate	Inflation	Adjustment to standards	Total changes	
International Civil Service Commission	16 211.3	–	–	36.8	(77.4)	(40.6)	16 170.7
Inter-organizational security measures	225 682.8	196.1	1 277.8	(1 637.2)	(3 998.9)	(4 162.6)	221 519.8
United Nations System Chief Executives Board for Coordination	4 840.2	–	97.2	11.9	(13.1)	105.9	4 946.1
Joint Inspection Unit	10 510.8	–	366.1	125.7	217.3	711.1	11 222.2
Total	**257 245.0**	**196.1**	**1 739.7**	**(1 440.9)**	**(3 872.1)**	**(3 386.2)**	**253 858.8**

Annex IV

Expenditures incurred under the regular budget for the biennium 2006-2007 as at 30 September 2006

(Thousands of United States dollars)

Appropriation	—	3 829 916.2
Unliquidated obligations	123 768.0	—
Disbursements	1 308 740.8	—
Total expenditures		**1 432 508.8**
Uncommitted balance		**2 397 407.4**

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First performance report on the programme budget for the biennium 2006-2007

Report of the Secretary-General

Addendum

Utilization of the subvention for the Special Court for Sierra Leone

I. Introduction

1. In his report on the request for a subvention for the Special Court for Sierra Leone (A/60/572/Add.1), the Secretary-General proposed that an amount of $11.2 million be converted into an appropriation to meet the Court's anticipated cash requirements estimated at $6.2 million for the period from 1 November to 31 December 2005 and to cover the liquidation of outstanding obligations as at 31 December 2005, estimated at $5.0 million. By its resolution 60/245 of 23 December 2005, the General Assembly approved the final appropriation for the biennium 2004-2005, including a provision of $11.2 million for a subvention for the Special Court for Sierra Leone under section 3, Political affairs, of the programme budget for the biennium 2004-2005.

2. In paragraph 23 of his report, the Secretary-General indicated that it would be his intention to submit a report on the utilization of the additional appropriation of $11.2 million to supplement the financial resources of the Special Court for Sierra Leone during the second part of the resumed sixtieth session of the General Assembly. Owing to the low rate of disbursements early in the year and given that obligations raised against the provision of $11.2 million remain valid to 31 December 2006, that report was deferred to the main part of the sixty-first session, when more complete information on the utilization of the funds would be available. The present report is submitted in that context. It presents an overview of the funds remitted to the Court against the final appropriation of $11.2 million to cover the Court's cash requirements for the period from 1 November to

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31 December 2005, as well as monthly disbursements made from 1 January 2006 onwards to cover monthly requirements related to the Court's liquidation of obligations corresponding to the period from 1 July 2003 to 31 December 2005.

II. Utilization of funds appropriated under General Assembly resolution 60/245

Cash requirements for 1 November to 31 December 2005 ($11,200,000)

3. At the time of issuance of the report of the Secretary-General, dated 30 November 2005 (A/60/572/Add.1), the Special Court for Sierra Leone had anticipated total expenditures for the period from 1 November to 31 December 2005 to amount to $11.2 million. Of that amount, the Court had anticipated that resources amounting to $6.2 million would be required to supplement the Court's cash requirements for the period from 1 November to 31 December 2005 and an additional $5.0 million would be required to cover the liquidation of prior-period obligations, bringing the total estimated cash requirements to $11.2 million. Drawdowns of up to $5.0 million to meet the needs of those obligations would be made from January 2006 onwards. In that regard, in its resolution 60/245, the General Assembly appropriated an additional amount of $11.2 million as a subvention to the Special Court for Sierra Leone under section 3, Political affairs, of the programme budget for the biennium 2004-2005.

4. As set out in paragraphs 5 to 8 below, the implementation of General Assembly resolution 60/245 is being carried out in two phases. Under the first phase (see para. 5), drawdowns against the appropriation of $11.2 million were made to supplement the Court's cash requirements for the period from 1 November to 31 December 2005. Under the second phase (see paras. 6-8), drawdowns against the remaining balance of the appropriation have been made as from 1 January 2006 to cover the liquidation of obligations for the period from 1 July 2003 to 31 December 2005.

Disbursements for 1 November to 31 December 2005 to cover the Court's monthly cash requirements ($4,500,000)

5. As at 31 December 2005, remittances to the Special Court for Sierra Leone for the period from 1 November to 31 December 2005 amounted to $4.5 million from the regular budget. This reflects a decrease of $1.7 million from the estimated amount of $6.2 million originally envisaged in the report of the Secretary-General (A/60/572/Add.1, para. 22) as the cash requirement for the period due to the slower than anticipated pace of the activities of the Court. Accordingly, as at 1 January 2006 the unencumbered balance remaining from the appropriation totalled $6.7 million.

Disbursements for January 2006 to the present to cover monthly liquidation of prior-period obligations ($3,413,494.37)

6. The statement of assets and liabilities as at 31 December 2005 of the Special Court for Sierra Leone reflects a balance of unliquidated obligations in the sum of $5,589,327.33, reflecting an increase of $589,327.33 from the projected amount of $5.0 million (see ibid.). It should be noted that of this amount, a balance of

$3,743,779.34 corresponds to unliquidated obligations for the period from 1 July 2003 to 30 June 2005 and a balance of $1,845,547.99 corresponds to obligations for the period from 1 July to 31 December 2005.

7. During the period from January 2006 to the date of the present report, against the balance of unliquidated obligations of $5,589,327.33 (see table, column b), a sum of $3,413,494.37 was disbursed in monthly instalments to the Court to cover the liquidation of those obligations (see ibid., column c). At the same time, an amount of $281,804.19 in obligations has been cancelled (see ibid., column d). Accordingly, at present, the amounts disbursed and the amounts cancelled together have brought the level of unliquidated obligations from $5,589,327.33 to $1,894,028.77 (see ibid., column e).

Estimated disbursements to be made before the end of 2006 to cover monthly liquidation of prior-period obligations ($885,178.68)

8. Regarding the remaining balance in unliquidated obligations in the sum of $1,894,028.77, the Court anticipates that cash requirements in the amount of $885,178.68 will be required to cover the liquidation of obligations before the end of the year (see ibid., column f). It is also anticipated that by the end of the year a balance of $1,008,850.09 in unliquidated obligations will be cancelled (see ibid., column g). Accordingly, it is anticipated that the remaining balance of unliquidated obligations corresponding to the period from 1 July 2003 to 31 December 2005 would be settled by 31 December 2006. This position is summarized in the accompanying table.

Status of prior-period obligations at present and projected balances as at 31 December 2006

(United States dollars)

a	b	c	d	e=b+c-d	f	g	h=e-g
			January–November 2006 (Actual)			December 2006 (Actual)	
Financial period	*Opening balance (1 January 2006)*	*Disbursements*	*Cancellations*	*Interim closing balance at present*	*Disbursements*	*Cancellations*	*Estimated closing balance (31 December 2006)*
1 July 2003–30 June 2004	**1 739 101.91**	552 035.88	98 030.15	1 089 035.88	85 225.36	1 003 808.52	—
1 July 2004–30 June 2005	**2 064 677.43**	1 179 319.21	84 330.15	741 028.07	741 028.07		
1 July–31 December 2005	**1 845 547.99**	1 682 139.28	99 443.89	63 964.82	58 923.25	5 041.57	
Total	**5 589 327.33**	**3 413 494.37**	**281 804.19**	**1 894 028.77**	**885 178.68**	**1 008 850.09**	

III. Unspent funds appropriated under General Assembly resolution 60/245

9. Of the total estimated drawdowns against the appropriation of $11.2 million, an amount of $4.5 million was remitted in November and December 2005, a sum of $3,413,494.37 was remitted from January 2006 to the present and an additional remittance in the sum of $885,178.68 is anticipated to be made before the end of the year. Based on total estimated cash remittances to be made by 31 December 2006 ($8,798,673.05), it is anticipated that of the appropriation of $11.2 million, an estimated balance in the amount of $2,401,326.95 would remain.

10. The estimated unspent balance of the final appropriation in the amount of $2,401,326.95 consists of lower than estimated total requirements, which generated a surplus in the level of actual cash requirements vis-à-vis projected amounts in the amount of $1,110,672.67. This surplus arises from the combined effect of lower than anticipated cash requirements to cover disbursements in November and December 2005 (a surplus of $1.7 million over the projected amount of $6.23 million), partially offset by higher than anticipated balances in unliquidated obligations (a shortage of $620,565.83 over the projected amount of $4.97 million). In addition, from January 2006 to the present, the Court has reported cancellation of unliquidated obligations totalling $281,804.19, and it is estimated that between now and the end of the year additional obligations of $1,008,850.09 will be cancelled, bringing the total amount cancelled to $1,290,654.28, as reflected in columns d and g of the table above.

11. In accordance with regulation 5.3 of the Financial Regulations and Rules of the United Nations, which states:

> Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered.

the remaining balance of $2,401,326.95 of the additional appropriation of $11.2 million approved under General Assembly resolution 60/245 will be surrendered as at 31 December 2006.

IV. Action required of the General Assembly

12. **The General Assembly may wish to note that the estimated unspent balance of $2,401,326.95 of the appropriation for the biennium 2004-2005 in the amount of $11.2 million approved as a subvention to the Special Court for Sierra Leone will be surrendered under the programme budget as at 31 December 2006 in accordance with regulation 5.3 of the Financial Regulations and Rules of the United Nations.**

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The situation in the Middle East

Question of Palestine

Security Council
Sixty-first year

Identical letters dated 22 November 2006 from the Chargé d'affaires a.i. of the Permanent Mission of Israel to the United Nations addressed to the Secretary-General and the President of the Security Council

I write to inform you of the grave increase in Qassam rocket attacks by Palestinian terrorists in the Gaza Strip, which resulted in the heinous murder of an Israeli yesterday. The aggressive campaign of Palestinian terror is no doubt an assault on the sovereignty of the State of Israel and the right to life of its people.

Yesterday, a 43-year-old Israeli man, Yaakov Yaakobov, died from critical wounds he sustained when a Palestinian Qassam rocket struck his place of work in Sderot. In a month, Mr. Yaakobov would have celebrated the Bar-Mitzvah of his 13-year-old son. Instead, his son and family will be in mourning.

Mr. Yaakobov is the second fatal Israeli victim of Palestinian terror and Qassam rockets in a week. Faina Slutzker, a 57-year-old Sderot resident, was murdered by a Qassam rocket while standing on the street last week. Mr. Yaakobov is the eighth resident of Sderot to be murdered by Palestinian Qassam rockets.

The rockets, however, have still not stopped. Just this morning, more Qassam rockets hit an elementary school and kindergarten in Sderot.

The time has long come for the international community to outrightly, without qualification, condemn and ensure the end of Palestinian terror — once and for all. The launching of these rockets has undeniably created a serious humanitarian situation, and is a debilitating factor for our region, both in the callous murdering of Israelis and the continued endangering of Palestinian civilians as human shields to veil terror. Children in Sderot have been evacuated because their homes and schools are not safe. Sderot is a ghost town, as residents flee en masse to escape to safer areas.

As long as these terror attacks continue, Israel will respond in defence of its citizens. There can be no mistaking these Israeli actions for anything other than the

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reaction of a sovereign nation, as any other would do, exercising its right to self-defence in protection of its people.

I should be grateful if you would circulate the text of this letter as a document of the General Assembly, under agenda item 13 and 14, and of the Security Council.

(*Signed*) Daniel **Carmon**
Ambassador
Chargé d'affaires a.i.